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Free Minds and Free Markets/February 1982/$2.00

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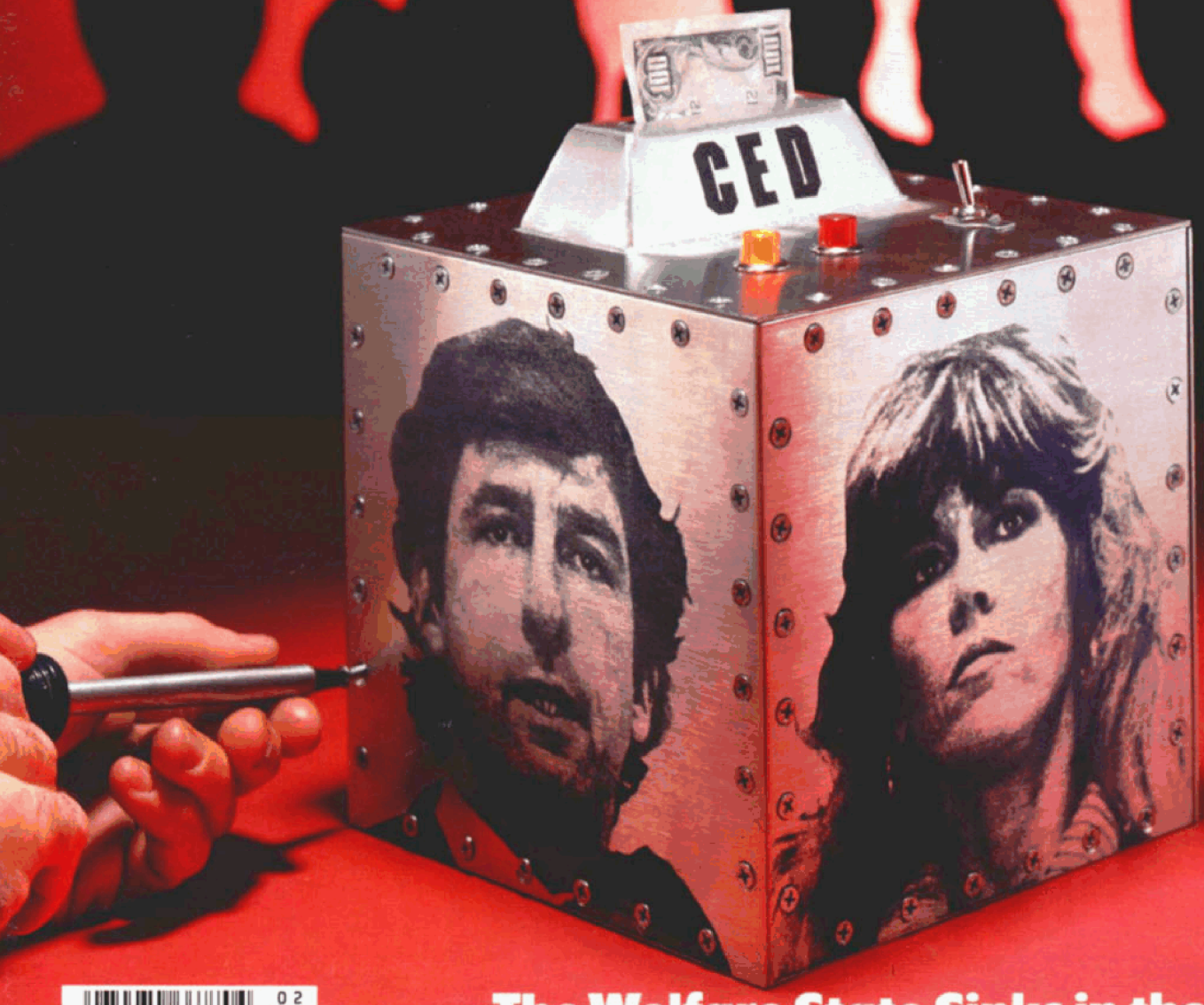

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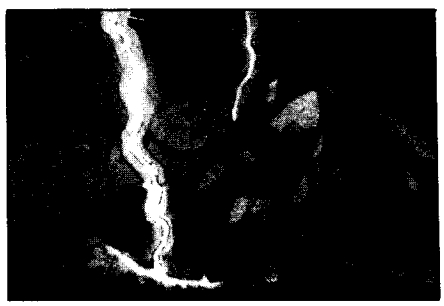

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NOTEs

REASON's very first investigative article—"Who's Bankrolling the UFW?" by Patty Newman—is still having repercussions. The latest occurred in November when two federal agencies demanded the immediate return of more than $600,000 in federal grant funds that Cesar Chavez's United Farmworkers Union is accused of misappropriating. A *Chicago Tribune* story reports that it was REASON's November 1979 exposé that first revealed that one of the grants was being used to build a microwave communications system to serve the union and another was being used to pay the salaries of union headquarters workers. And at a Justice Department hearing on the case in San Francisco in November, the REASON article was entered into the record as the original source of the complaints leading to the federal investigation of Chavez.

In another investigative follow-up, inventor Donald Selwyn of the National Institute of Rehabilitation Engineering (NIRE) has reached an out-of-court settlement with the state of New Jersey (see "Handicapping an Innovator," Aug. 1981). Selwyn and NIRE admitted no past wrongdoing, and none of their aids to the handicapped will be withdrawn from the market. But NIRE has agreed to repay $5,075 to five complaining clients and to refrain from making certain claims about the products in the future. NIRE also agreed to use a licensed optometrist or physician in conducting eye examinations.

Alternatives to regulation are receiving new visibility thanks to the Reason Foundation's *Instead of Regulation.* On November 18 the *Wall Street Journal* editorial page carried a piece by Susan Lee entitled "Privatization: Nobody Does It Better." The article discussed the advantages of turning federal government services over to the private sector and focused specifically on the proposal for privatization of air traffic control in *Instead of Regulation.* On the same day, the *Journal*'s letters column carried my letter commending the paper's editorial on the FDA's long delays in approving potentially life-saving drugs. The letter also mentioned that a detailed alternative to centralized FDA regulation is spelled out in David Weimer's chapter in *Instead of Regulation.* And the October 26 issue of *US Chamber News* carried a long review in praise of the book by syndicated columnist Jeffrey St. John.

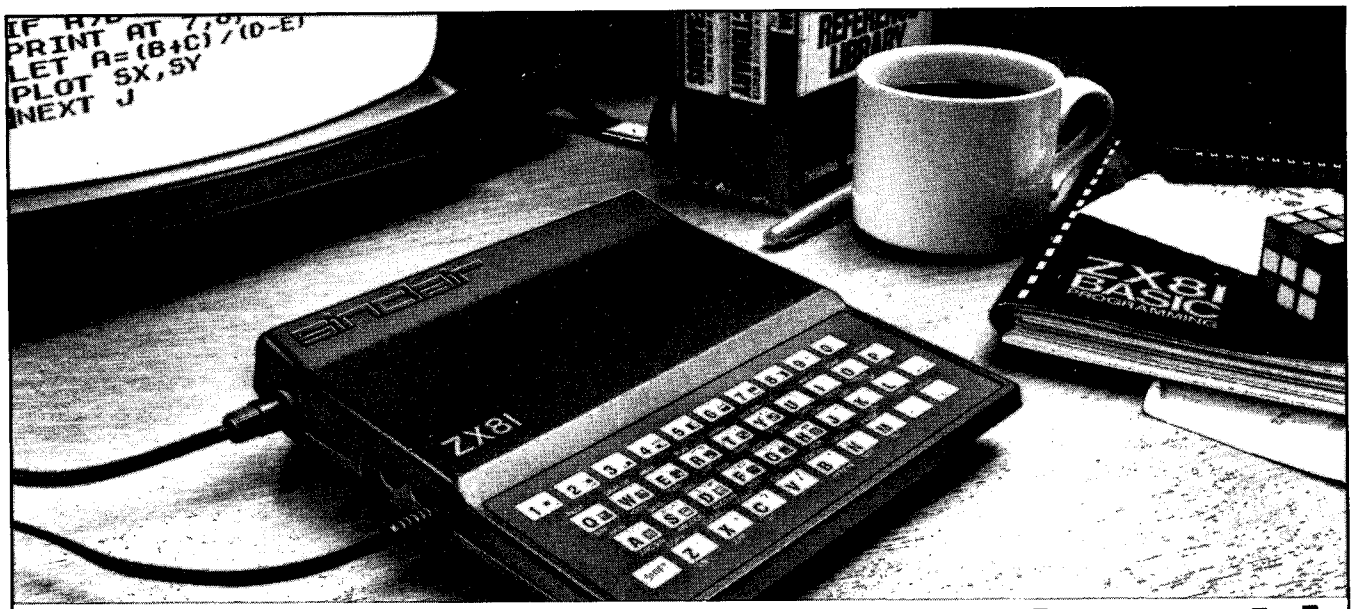
College students and young faculty members are invited by the Mont Pelerin Society to submit 5,000-word essays on the subject "The Virtues of a Free Economy." Prizes are Garvey Fellowships of cash plus travel grants to participate in the 1982 West Berlin meeting of the Mont Pelerin Society, the international organization of scholars and authors interested in a free society. Entrants cannot be members of the Society. For further information write: The Mont Pelerin Society, P.O. Box 7031, Alexandria, VA 22307.

Tibor R. Machan has returned to the Reason Foundation after a semester's leave to teach philosophy at the State University of New York (SUNY) College at Fredonia, where he was a faculty member before joining the Reason Foundation in 1978. As of January 1, Tibor assumes a new position as the Foundation's first Senior Fellow. Incidentally, among his many recent writings is the section on human rights in the new *Academic American* encyclopedia.

One of our contributing editors also has a new position upcoming. *The Monist,* a highly respected journal of general philosophical inquiry, has announced that its next editor will be our own John Hospers, who is also professor of philosophy at the University of Southern California (USC). Dr. Hospers will be succeeding Eugene Freeman upon the latter's retirement in 1983.

As usual, I'm keeping up a busy schedule of speaking and writing. In December I chaired a panel discussion on "Market Alternatives to Regulation and Public Services" at the Heritage Foundation's Resource Bank Western Regional Meeting. Besides my own talk on privatization, panelists included M. Bruce Johnson (housing and land use), Thomas Gale Moore (transportation), and John C. Goodman (social security and health care)—all three of them REASON contributors. Last summer I was interviewed by the Brazilian newsweekly *Visão* (the equivalent of *Time* or *Newsweek*) on the topic of privatization of local public services. That interview appeared in the magazine's November 16 issue.

—R. P.



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EDITORIAL

European Security Counsel

President Reagan has temporarily knocked the props out from under the European disarmament movement with his "zero option" proposal on intermediate-range nuclear missiles. By offering to cancel deployment of 572 Pershing 2 and Tomahawk missiles in exchange for Soviet scrapping of 692 SS-4, SS-5, and SS-20 missiles, the President has challenged the Soviets to put up or shut up in their claims to favor peace.

In fact, the zero option would still leave the Soviets ahead in numbers. Counting in all NATO and Soviet nuclear-capable aircraft and intermediate-range submarine-launched missiles, the Soviets would be left with a 1,537-to-825 lead *after* the zero-option cuts.

Even so, the zero option is a modest step in the right direction. And it is far preferable to such half-way measures as mere *reductions* in the number of SS-20s or their removal behind the Ural mountains. Because the SS-20 launcher is both mobile and reloadable, anything less than a total ban would be much harder to verify. And given recent Soviet defiance of treaties and international law—cheating on SALT I, using biological weapons in Southeast Asia in violation of the Biological Weapons Convention, sending nuclear-armed submarines into neutral Sweden's waters—it would be foolish to enter into any new arms-limitation treaty without stringent provisions for on-site inspection.

These realities make the zero option unlikely to be adopted. That being the case, debate over the missiles will resume, and the disarmers will continue to demonstrate. And that will force Americans to come to grips with the fundamental flaw in NATO.

The rationale for upgrading NATO's intermediate-range missiles goes to the heart of the matter. For three decades the principal defense of Europe has been, not Europe's own military and arms, but the US nuclear shield. In the face of massive Warsaw Pact superiority in conventional forces, NATO's strategy has been to station a contingent of US troops in the front lines, so that an attack on Western Europe would involve Americans from the outset. The Americans would respond with tactical nuclear weapons and, if need be, with US-based strategic nuclear weapons. Thus, defense of Europe was "coupled" with the US nuclear shield.

But the credibility of this shield has crumbled over the past decades as the Soviets built up their strategic nuclear forces to what many analysts consider superiority. Would an American president, wonder many Europeans, risk the annihilation of US cities in order to defend Europe from Soviet tanks? They wonder with good reason.

More and more Americans are questioning the rationale for NATO. While there is nothing wrong in principle with mutual defense alliances, it seems clear that, as presently structured, NATO is hardly a *mutual defense* alliance as far as this country is concerned. The alliance's purpose is to defend *Europe,* but the United States still pays about 60 percent of the bills, even though European NATO members' combined gross national product is about equal to that of the United States.

When pressed, advocates of NATO fall back on the claim that, without massive US subsidy, the Europeans would refuse to pay for an adequate defense and would fall prey to Soviet conquest or Finlandization. In other words, the Europeans seem to be saying, "Do what we say or we'll commit suicide." This brings to mind the scene in Mel Brooks's *Blazing Saddles* in which black sheriff Cleavon Little is surrounded by hostile white townspeople. All of a sudden, Little whips out his six-gun, points it at his head, and shouts, "The first one of you makes a move, the nigger gets it. Now drop your guns!" Taken aback, the people comply and Little escapes.

No one can say for sure what Europeans would do if US protection were withdrawn, but one good clue is provided by France. As long ago as the mid-1950s, Charles DeGaulle began to doubt the credibility of the nuclear shield. So he pulled France out of the NATO military command (while retaining membership in NATO) and set about creating an independent nuclear force. Today France has 6 nuclear armed ballistic missile submarines, 33 nuclear-armed Mirage IV bombers, and 18 silo-mounted IRBMs. The Mitterand government has just authorized construction of a seventh nuclear sub, the mobile SX missile to replace the Mirages, and the short-range Hades missile designed to carry a neutron warhead. The French submarines will be upgraded with the new M-4 missile armed with multiple warheads.

Whether West Germany would respond that way to a US withdrawal, nobody can predict. But one strongly suspects (and opinion polls bear this out) that a majority of Germans would not be content to sit back and do nothing, as the disarmers advocate. Whether Germany would develop its own nuclear deterrent like France, join a revamped European mutual defense pact, or choose armed neutrality like Sweden and Switzerland is impossible to say. But the choice is one for Germans, not Americans, to make.

It's long past time that we faced the fact that World War II is over. Europe has been reconstructed. It is absurd for our wealthy and prosperous trading partners to continue as dependent nations whose destinies lie in the hands of the US National Security Council.

Europeans are not blind. They know they have immense productive capacities that are worth defending and whose resources provide the means of paying for that defense. And they need look no further than Poland to see the price they might pay if they allow themselves to come under Soviet domination.

No, the Europeans are no fools. It is we who are fools if we go on believing that only American money and weapons and lives can defend Europe. But as long as we continue to believe it, most Europeans will be glad to go along for the ride. And they'll continue to put off acknowledging that their only true security will come from taking responsibility for their own defense.

Robert Poole, Jr.

Letters

Keep the Lid on Dope

In regard to Mr. Poole's editorial (Oct.) against curbs on drug traffickers, some countries have the death penalty for dope peddlers. In defense of this practice: it's hard for a dead criminal to commit another crime. Other countries, like Mexico and Turkey, just put dope runners in jail and throw the key away. A lot of Americans would like to be able to see their children go out at night without the chance of being attacked by a drug-crazed maniac. A lot of Americans would like to take their car on the highway without the risk of it being demolished and its occupants mangled and killed by a doped-up driver of another car. A lot of Americans are getting pretty tired of our legal system that protects the criminals and makes life hell for its decent citizens.

W. A. Perine
Ocean Park, WA

Mr. Poole replies: Each of Mr. Perine's arguments about the possible adverse consequences of some people's use of drugs applies at least equally to the use of alcohol. Yet we seem to have learned our lesson about criminalizing that drug. To make illegal, voluntary noncoercive activities because somebody *might* do some harm is to give up essential liberty for temporary safety. And we know what Ben Franklin said about that.

Citric Circus

As the author of legislation to reform the agriculture marketing order program, I was very pleased to read your story on Sunkist's efforts to restrain the Federal Trade Commission from challenging anticompetitive practices in the navel orange industry (Nov.).

On my request, the General Accounting Office undertook a study of the orange marketing order earlier this year. GAO concluded that the Sunkist-dominated Navel Orange Administrative Committee (NOAC) was not representative of the industry as a whole and did not represent the views of consumers.

In addition, GAO found that 44 percent of the 1980-81 crop was withheld from the fresh market due to the order. Many of those oranges were grown with federally supplied, taxpayer-subsidized irrigation water. So, now we have subsidized projects delivering subsidized water to subsidized farms, which grow crops that are kept out of the marketplace in order to boost prices to growers. And that is supposedly the "free market system"?

The Department of Agriculture and the Vice President's Regulatory Review Commission are currently investigating marketing orders. After a week of hearings in California last summer, Secretary Block concluded that changes in the order were advisable and would be made by USDA if NOAC failed to initiate them. If neither acts, hopefully Congress will respond to the many criticisms of the program and enact my legislation before another growing season passes.

George Miller,
Member of Congress,
Washington, DC

Reminders of Rand

Cheri Adrian's "Why Shoot J.R.?" and Tom Bethell's inaugural Viewpoint column, "Envy" (Nov.), were excellent. They indicate that there is a moral and cultural case to be made for capitalism as well as an economic one. These articles reminded me not only of Ayn Rand's *Atlas Shrugged* but also the last article she wrote in the *Objectivist,* "The Age of Envy." Could it be that Rand's central insights might after all receive the attention they deserve?

Douglas B. Rasmussen
Jamaica, NY

A Good Businessman Is Hard To Find . . .

Cheri Adrian's article, "Why Shoot J.R.?" (Nov.), was a refreshing, readable, and, by and large, quite acute analysis of the roles the businessman has been assigned to play in our popular arts. If Adrian erred at all, it was perhaps in the direction of undue pessimism in the admittedly unrewarding search for positive portrayals of businessmen. The problem, in American literature at least, has not been so much that there have been no such positive portrayals, as that the American novels in which such positive portrayals may be found are usually excluded, according to the dictates of the conventional literary wisdom, from consideration as Serious Literature. This is certainly the case with the novels of Ayn Rand, which Adrian does cite. But it is also the case with such novels as James M. Cain's *Mildred Pierce,* Booth Tarkington's *The Magnificent Ambersons,* and Eric Frank Russell's *The Great Explosion,* none of which Adrian cites, but all of which would repay the attention of the fiction reader interested in sympathetic presentations of economic endeavor.

Jeff Riggenbach
Oakland, CA

Uncontained Praise

I want to acknowledge Petr Beckmann's article "Containing Nuclear Waste" (Sept.). I congratulate you on a fine piece of journalism. It's a pleasure to be able to read informative facts. You have shown how misinformed nuclear-power opponents are, and you let your readers draw their own conclusions. . . . I found it very interesting to see credible data generated by someone who is not working in the field. (I found it particularly interesting that there are so many useful by-products.) Mr. Beckmann has done an excellent job of putting the facts in layman's terms without using complicated analyses or attacking anti-nuclear groups.

Maurice G. Hartman
Fullerton, CA

Noxious Nutrients?

Despite an increasing skepticism about drugs, people are inclined to assume that if a substance is a "nutrient" (unless it is salt or sugar), it must be harmless. The article "How to Stay Well: Using Nutrients" (Health & Welfare, Nov.) reflects this belief. However, at the doses recommended, the vitamins and minerals become drugs, and the public should be informed of the potential toxicity.

Vitamin A accumulates in the liver. Symptoms of hypervitaminosis include blurred or double vision, bone pain, calcification of ligaments and tendons, baldness, and hyperpigmented areas of the skin. In large doses, this vitamin may accelerate the bone loss of aging.

Belief in the efficacy of megadose vitamin E is based primarily on testimonials. A double-blind controlled study in 200 subjects showed no general health benefits. There are numerous case reports of an apparent association between vitamin E and blood clots, with

improvement on stopping the vitamin and recurrence on starting it again. A long list of other side effects (fatigue, menstrual irregularities, headache) have been attributed to it....

Much experimental work is in progress on the effects of nutrients on the immune system and on carcinogenesis. Results are preliminary, and large variations among species occur. People who take large doses of selenium and other substances voluntarily may provide information about toxicity that could not be ethically obtained in the laboratory. The "blind staggers" and "alkali disease" (the softening and loss of hooves and horns) were described in animals grazing on plants high in selenium in the time of Marco Polo. Injection of selenium salts has a strychnine-like effect. We don't know much about excess zinc ingestion in humans, though in animals it has caused poor growth and anemia.

Caveat emptor applies to orthodox medicine, but also to the nutritionists and others who would save us from physicians....

Jane M. Orient, M.D.
Tucson, AZ

This letter was accompanied by a list of references that is available upon request—Eds.

Starry-Eyed Capitalists?

I've been reading REASON for several months, and I find it interesting and even stimulating, although I disagree with your politics.

The major problem with your lust for laissez-faire capitalism—with a diminishing (if not near ending) of state intervention—is that it fails to consider the historic forces behind the growth of the modern behemoth capitalist state which we all decry. That is, you deride the inefficiency of Amtrak, the postal system, nationalizations, etc. And then you go on to say how the private sector can do it "better" if left untrammeled. Of course it can! Because the private sector would only work where profitable!

Private capital would operate railroads only where profitable, and to hell with those unfortunate hundreds of thousands who didn't have the good sense to live in such locations. It would do the same with the postal system, and too bad for those in rural areas far away from the denser—and hence, more profitable—routes. And so on.

The very necessity to serve such unprofitable elements makes it essential for the state to intervene. And historically, though seriously flawed in its intervention, this in fact is what generally causes such nationalizations in the economy. You and I may not like this reality, but it's still reality....You seem to imply advocacy of saying "tough luck" to those who live in regions where capitalists cannot set up their exploitative enterprises.

Alas, you libertarians yearn for a crisis-free capitalism that no longer—indeed, never did—exists. Worse, your theory, I regret to say, makes you pimps for a capitalism that can only offer the working and lower-middle classes increased austerity and the ultimate bourgeois solution: inter-imperialist war between the capitalist American/Western and state capitalist Russian/Eastern blocs.

Michael W. Ecker
Scranton, PA

The editors reply: Mr. Ecker raises some interesting issues in his letter. We grant that only those industries and projects that can break even will go into and stay in business in a free society. But we do not grant that this means "to hell with those unfortunate hundreds of thousands who didn't have the good sense" to live nearby. Why should people who put up with living in cities be forced to subsidize those who choose country life? People should be free to choose their lifestyles—and accept the consequences themselves, not coerce others into sharing the costs.

Crisis-free capitalism has indeed never existed, not because it could not, but because it was not permitted to. To complain that such a situation could not occur because it *hasn't* occurred is like saying that decent human beings, happy marriages, and the like, cannot occur because they are statistically rare. There is nothing inherent in human societies which prevents the reign of liberty. The trouble lies not in our stars but in ourselves, in particular in those amongst us who doubt that we can, in voluntary cooperation when that is appropriate, satisfy our own most basic needs and most exalted values, from food and shelter to flowers and symphonies.

Minor Metals Matters

Steven K. Beckner's Money column for October contains so many errors and distortions that it demands a response.

1. The investment appeal of industrial metals does *not* "center around the assertion that the United States and its allies are in a 'resource war' with the Soviet Union." While this thesis is certainly ad-

(Continued on p. 49.)

SUMMER SEMINAR—A CALL FOR APPLICATIONS

"Culture and the Free Society" is the theme of the Reason Foundation's 1982 summer research seminar, an in-residence program starting June 15 and ending August 21. About a dozen scholars whose current research and writing fall within the theme, and who are interested in interdisciplinary exchange, will be selected to participate.

The seminar is conducted by the Reason Foundation for the Liberty Fund, which is offering stipends of $3,000-$5,000, depending on academic rank, and reimbursement of specified expenses of traveling to and from Santa Barbara for participation in the program. Private offices and limited secretarial assistance will be provided, and the Foundation will assist participants in selecting housing.

Applications are sought from persons in the humanities, arts, and sciences who are working on the theoretical and practical facets of cultural institutions that may emerge in a society of free and responsible individuals. Applicants should submit a detailed description of the research in which they are engaged, indicating how it will contribute to the seminar and may be of value to scholars in other disciplines, and should also send an up-to-date vita, references, and copies of relevant publications.

Decisions on early applications will be made on or before March 1, 1982. Send material to:

Tibor R. Machan
Educational Programs Director
The Reason Foundation
1018 Garden Street
Santa Barbara, CA 93101

THE REASON FOUNDATION

brickbats

New York City's welfare director James A. Krauskopf has found out the hard way that honesty will get you nowhere fast. In a startling outburst of candor, Krauskopf said it would be easier and less expensive to be penalized $70 million in federal funds because of inefficiency than to correct the mistakes—which involve overpayments to and fraud by welfare clients.

New York stands to lose the funding if welfare waste and fraud are not reduced to 4 percent from a current 9.7 percent by 1983. Krauskopf boasted to reporters that the city had used a "huge array of administrative innovations" to reduce the error rate from 27 percent in 1973 to the current level.

Well, it didn't take long for Mayor Edward Koch to squeal about the lousy public relations Krauskopf's remarks were causing. "We will never be accepting of losses to the government," the mayor said, and the city would "redouble" its efforts to reduce overpayments. After a brief trip to the woodshed, Krauskopf denied his office ever determined that "it would be better to accept the penalties than to reduce the errors."

Hats off to US District Judge Owen D. Cox of Texas. Calling a job discrimination suit "frivolous, unreasonable and without foundation," hizzoner ordered the plaintiff's attorneys—Texas Rural Legal Aid, Inc.—to pay more than $22,000 to three companies. "I've never heard of anything like this in my life," sputtered David Hall, executive director of the federally financed legal aid corporation. Judge Cox ruled that Texas Rural Legal Aid had asked Israel Trevino, a Mexican-American, to seek employment with the Celanese Corporation in order to bring that company into a job discrimination suit already on the federal docket involving another job applicant. "The court finds that the maneuvering by TRLA for the purpose of creating a potential charge of discrimination constitutes an abuse of legal process."

Dog bites man isn't news. Man bites dog used to be news, except it's now so corny that it's a cliché. But woman bites dogcatcher? Now, there's a story. Jill Otten admits she took a small piece out of the Minneapolis dog warden and pledges to do it again under the same circumstances.

Mrs. Otten's miniature poodle, Pepper, somehow got into the clutches of the Metropolitan Animal Patrol Service. She confronted a warden wearing badge No. 36, who had Pepper. A tug of war ensued. "He told me to let go of my dog or he would choke him to death right in my arms. He would not let go and so, in desperation, and fear for the life of my dog, I bit him," Mrs. Otten said. Her teeth sank into the dogcatcher's arm and he dropped Pepper. She took her dog and went home.

A complaint filed against her in municipal court for interfering with an animal warden, a misdemeanor, was dismissed when Badge No. 36, who refused to be identified, didn't show up in court. A Doberman was seen bothering the poodle, but Pepper warned the big dog that he would sic Mrs. Otten on him if he didn't leave peacefully.

Ah, the ups and downs of life on Capitol Hill. When the Republicans took control of the Senate last January, they slashed the elevator corps from 37 operators to 15. Democrats didn't fight much, since it's hard to defend a system in which fully automated elevators were manned by operators for several shifts a day.

The Democrat-controlled House of Representatives took the cue and cut eight operators at a savings of about $80,000 a year. The remaining 14 will operate only the lifts used by legislators, who are much too preoccupied with the people's business to think about pushing the right button. Most of the operators were hired because of their political connections, concedes Rep. Joseph Moakley (D-Mass.), who is the patronage boss for the House Democrats. "Patronage itself has gotten such a sinister name. The official name of the patronage committee is really the Democratic Personnel Committee, and I like that moniker better."

The American public has been getting beaten by the Internal Revenue Service for years, but authorities say IRS examiner Stephen Davidson went a little too far. Davidson was charged with fraud for using taxpayers' time to set up a flim-flam in which he lured college coeds to a makeshift film studio near Carnegie Hall in Manhattan and filmed himself spanking them.

After allegedly signing contracts promising the girls between $500 and $2,000 for taking up to 50 slaps, authorities say he never again contacted them after the trips to the woodshed. "His sole purpose was to spank young girls," said one detective who arrested him at the IRS office in New York. Officials added that Davidson paid no taxes on the risqué venture.

—MARK EDWARD CRANE

"GENTLEMEN, WE CAN'T AFFORD TO LET THE GOVERNMENT SHUT DOWN — WHAT IF NOBODY NOTICED?"

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TRENDS

MESSAGE FOR UNCLE SAM: GET OFF YOUR ASSETS

If Chrysler Corporation has to sell off some of its assets to remain solvent, why shouldn't Uncle Sam do likewise? That commonsense notion seems to be picking up support in both the administration and Congress these days.

One trial balloon was hoisted by presidential counselor Edwin Meese III. At a Los Angeles press conference in October, Meese suggested that one way to reduce the national debt would be to sell off "capital assets that aren't needed by the federal government...—excess lands and so forth." The federal government is the nation's largest landowner, Meese noted, "and we have all kinds of military bases that are now abandoned, all kinds of surplus property where they bought land for buildings that never got built, for highways and other projects."

Indeed, the General Services Administration has compiled a list of surplus properties—including a luxury hotel on Waikiki formerly used by soldiers on leave from the Vietnam war and 30 unused acres on exclusive Nantucket Island. GSA figures the worth of these properties, at their acquisition costs, as $1.3 billion. But that includes valuing the Nantucket land at just $33 an acre. The market value of just these "surplus" properties is 50 to 100 times their book value. That estimate comes from Dexter MacBride, executive vice-president of the American Society of Appraisers. In December MacBride announced that selling off 546 surplus government properties could reduce the federal deficit by *$100 billion.*

Two members of Congress, Sen. Charles Percy (R-Ill.) and Rep. Larry Winn (R-Kan.), have introduced resolutions requiring the president to prepare a complete inventory of unneeded government properties *and* to develop a method for selling them off at market prices, with the proceeds going to reduce the national debt. And according to William Niskanen, a member of the Council of Economic Advisors, the CEA is looking into ways of privatizing various other portions of the federal domain.

The Sagebrush Rebels are lining up in favor of selling off federal lands, too. In September Steve Hanke, senior economist at the Council of Economic Advisors, addressed the Public Lands Council meeting in Reno, arguing that the Sagebrush Rebellion should shift its focus: instead of advocating the transfer of federal lands to state governments, the movement should attack government ownership per se and push for privatization. On December 7, a leading Sagebrush Rebellion group adopted that position. Meeting in Elko, Nevada, the States Rights Coordinating Council passed a resolution urging privatization of federal lands.

There's a solid precedent for using the sale of assets to pay off debt. In 1825 Sen. Daniel Webster proposed selling federal lands to reduce the Revolutionary War debt. Such a measure was enacted in 1830. Within six years the entire national debt had been paid off. Indeed, there was soon a surplus that Congress distributed as "loans" to the states (which were never repaid). Such grand results are too much to hope for this time around. But even less is worth pursuing.

UNTYING THE IRISH KNOT

A radical solution to the civil war in Northern Ireland has been proposed in the pages of *National Review* (Nov. 13). Instead of seeking some kind of political compromise between Catholics (loyal to Ireland) and Protestants (loyal to Britain), why not allow each individual to choose his own government, asks educator John P. Reidy? "My proposition, in short, is co-territoriality: one geographical area with two parallel governmental infrastructures."

Under Reidy's proposed system, people in Northern Ireland would choose either Irish or British citizenship and would receive passports, vote, and pay taxes accordingly. There would be separate school systems (as there already are, de facto), separate public services, and separate courts. To ensure fairness, suggests Reidy, criminal cases and civil suits would be conducted within the legal system of the defendant. He points out that during the Middle Ages "strong ecclesiastical courts flourished alongside civil courts." In the 16th and 17th centuries it was inconceivable to most Europeans that people living in the same state could have conflicting religious beliefs. Today we accept co-territoriality in the Church; why not learn to accept it in the State as well?

We can add only two points to Mr. Reidy's thoughtprovoking proposal. First, as pointed out in these pages seven years ago (Apr. 1975, p. 34), such a system of co-territoriality existed in the New Hebrides islands since 1914. Three separate legal systems—British, French, and native—operated in parallel, with a joint court for handling intersystem cases. It was cumbersome, but it worked, being abandoned only upon independence of the Condominium from Britain and France in 1980.

Second, the political and economic problems inherent in dual tax-funded public services (water systems, garbage collection, etc.) could be minimized by placing as many of these services as possible in the private sector, instead of having them run by Irish or British government bureaucracies. Northern Irelanders don't have any political problem being served by both IBM and Control Data; neither should they be troubled by dealing with Acme and O'Reilly's garbage service. You pays your money and you takes your choice. Privatizing public services would depoliticize them as well, to everyone's benefit.

OVERDOSE OF DRUG REGULATION

Attacks on the Food and Drug Administration (FDA)—for more reasons than one—have been mounting of late.

In a November 1981 editorial entitled "100,000 Killed," the *Wall Street Journal* launched a round of salvos at the FDA for its obstruction of the use of the drug propranolol, which has been shown effective in England since 1965 in preventing second heart attacks. The drug, which the FDA had not yet approved for this use, "could have prolonged more than 100,000 lives in the U.S. over the last 16 years," said the editorial. That figure is based on estimates by the National Heart, Lung and Blood Institute, which in October decided to cut short its tests of propranolol by nine months and report to the FDA in an attempt to win approval of the drug without further delay.

"The propranolol history raises a question, unthinkable a few years ago, about whether we should even have an FDA," noted the *Journal* editorial. The number of lives that could have been saved by drugs held up by FDA regulation would probably "far outweigh the number of

lives likely to be lost or damaged if the responsibility for safety were returned to the drug makers and doctors." They too, noted the *Journal*, "have a vital interest in drug safety for their own protection."

Another recent attack on the FDA was provoked by the agency's obstruction of the use of a well-known drug for other than its approved purpose. This drug, diphenylhydantoin (DPH), commonly used to treat epilepsy, has also been found effective in the treatment of depression. One man who has used DPH with startling results is Jack Dreyfus, a broker and the author of a recent book about DPH, *A Remarkable Medicine Has Been Overlooked.*

Dreyfus attacks the FDA for imposing such stringent procedures for approval of a drug for specific uses that by the time the drug has actually been approved, half of its patent life has expired. And this discourages drug manufacturers from conducting the highly costly research the FDA requires.

A third attack on the FDA also concerns a book—one that the FDA has seized. Such actions by the FDA are not new—psychiatrist Wilhelm Reich and his work were the objects of an FDA inquisition in the 1950s (see REASON, Jan. 1980).

This time the book in question, written by Pat McGrady, a former American Cancer Society science editor who died in 1980, is entitled *The Persecuted Drug: The Story of DMSO.* It details numerous therapeutic uses of DMSO—dimethyl sulfoxide—a chemical the FDA has approved only for the treatment of bladder cysts.

DMSO is legally sold in stores as an industrial solvent. What the FDA objects to is the sale of McGrady's book "in proximity" to the medically nonapproved substance. This, claims the FDA, constitutes unlawful labeling of the substance.

Last summer, the FDA raided DMSO, Inc., in Buffalo and confiscated 75 copies of the book along with the supplier's stock of DMSO. The late author's family, with the aid of the New York Civil Liberties Union, has pressured the government to return the books; but the agency refuses to acknowledge any wrongdoing.

The McGradys and Ace Books, the publisher, fear that the FDA seizure may hurt the book's sales and have taken the case to court for a determination of the constitutionality of the agency's actions. They hold that the government's conduct violated the First Amendment.

GROWING COMPETITION IN THE MAIL MARKET

Alternatives to various services offered by the US Postal Service (USPS) are creeping further into the marketplace. A few such developments are worth noting.

Private postal centers—storefront operations that rent out postal boxes—are springing up in more areas and are enjoying a robust business, because the USPS just can't meet the demand for boxes. In Los Angeles, for example, United Postal Center now has four locations. Its 2,000 customers pay $8 per month for a box and can inquire by phone whether they have any mail waiting—a service unavailable from USPS offices.

On another front, Federal Express, specialist in overnight package and letter delivery, has found a way to expand profitably into markets of as few as 10,000 people. The company has opened convenience centers in four Texas "spur cities." All but the largest and steadiest customers in the area are required to drop off their packages at the centers, from which Federal Express delivers them to their destinations. Pleased with the volume of these centers to date—about 200 packages per night—Federal Express plans 16 more spur-city centers by August 1982 and even faster growth in 1983. So much for criticisms that private delivery firms serve only large markets, "skimming the cream" from lucrative operations.

And on the technological front, the USPS has indicated that it would agree to legislation limiting its participation in electronic mail systems. Private telecommunications firms had worried that the subsidized Postal Service would compete with them in sending messages directly from one computer terminal to another. The USPS, however, has agreed to limit itself to the operation of its Electronic-Computer Oriented Mail—or E-Com—system, which is scheduled for introduction this year at 25 post offices. Post Offices in the E-Com system will be equipped to receive electronic messages and print them as "hard copy"; the printed messages will then be delivered by USPS carriers. Private telecommunications firms will transmit the original electronic messages to the correct post offices.

Under this arrangement, the market for direct computer-to-computer message transmission would be open to competition among private firms but not the USPS. A similar service—called facsimile—transmits printed messages over telephone lines (by converting print into telephone signals at the point of origin and converting them back into print at the receiving end). All these services compete for the "overnight mail" market. Though the dollar estimates of the size of this market are rough, Federal Express has put it at about $1 billion annually (Trends, Aug. 1981).

FREEDOM TRAINS

The case against subsidies to various modes of transportation has long been accepted by economists. Subsidies give some users a break and artificially in-

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crease the profits of the subsidized mode. But the losers are many: the taxpayers who provide the subsidies, the users of nonsubsidized modes, and the operators of these modes, whose revenues are reduced when customers are lured away to the subsidized modes.

That has been the dilemma of the railroad industry in this country for decades. The federal government has lavished billions on highways and waterways, providing rights of way to heavy truck lines and barge lines at far less than their cost. Meanwhile, the railroads have been unable to generate enough business to maintain their (unsubsidized) rights of way and replace their equipment as it wears out.

None of this is news. What *is* news is that the major (Class I) railroads, through the Association of American Railroads, have embarked on an extensive campaign to end these subsidies, to restore "competitive equity." And unlike most big businesses, what they're after is not preserving their own subsidies or special favors. No, what the railroads are calling for is simply the end to all transportation subsidies—period.

Their basic campaign document is a handsome 72-page magazine-format book called "Competitive Equity: the Freight Railroads' Stake." It explains the case against subsidies in sound economic terms. And it provides a wealth of data on both past and present subsidies to all modes—including the question of railroad land grants. Overall, the document concludes, the railroads have paid back—through rate reductions and transportation taxes—some seven times the value of all the federal aid (including land grants) they've received over the years. By contrast, trucks and barge lines have received vastly more in subsidies than they've paid in transportation taxes.

But the AAR position is to let bygones be bygones. Never mind past subsidies, they say. Just end all future subsidies and let all modes compete in the free market. It's not what we expect to hear from big business. But it's mighty refreshing to hear it.

TRUCK DEREGULATION ON THE ROAD AGAIN?

The efforts of Interstate Commerce Commissioner Reese Taylor to slow the momentum of truck deregulation (see "Regulation Retread," Dec.) has come under strong attack. And Taylor himself seems to be backtracking somewhat.

At hearings before the Joint Economic Committee in November, Taylor's policies were assailed by economist Thomas Gale Moore (author of the REASON article) and former Civil Aeronautics Board chairman Alfred Kahn, orchestrator of airline deregulation. Recent ICC decisions provide "clear evidence of retreat from free market principles," said Kahn. And Moore pointed out that the market now perceives that entry control has been reestablished, as indicated by the fact that ICC operating certificates once again have a market price. (Their value had fallen to zero a year ago thanks to deregulation.)

Attempting to counter his critics, Taylor told the JEC that he is simply enforcing the 1980 legislation as Congress wrote it and said he plans to propose an amendment that would eliminate the "public need" standard as a factor in granting trucking licenses. (Prior to Taylor, the ICC had been liberally interpreting that provision; putting the ball back in Congress's court would give unionized truckers a chance to lobby it to defeat.) Taylor has also come out for deregulating intercity bus transportation.

Further pressure on Taylor has come

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from President Reagan's next two nominees to the ICC: Frederic Andre and Malcolm Sterrett. At their confirmation hearing before the Senate Commerce Committee, both came out strongly for deregulation.

Whether trucking deregulation continues or not is no mere academic matter. In the initial year of the 1980 deregulation act (prior to Taylor), the number of regulated trucking firms grew from 17,580 to 19,000. About 50 firms gained the right to haul any cargo in all 48 contiguous states—something no trucker could do during the entire history of trucking regulation from 1935 to mid-1980. According to the Transportation Bureau of Baltimore, Inc., a consulting firm, most trucking firms have reduced their rates at least 10 percent since mid-1980. And *Business Week* reports that as of November some 27 large trucking firms had won concessions on wages or work rules from their unions. They've had to in order to remain competitive.

True, some small shippers have experienced rate increases. And some poorly managed trucking firms have gone under. But that's what competition is all about.

Both Transportation Secretary Drew Lewis and presidential advisor Edwin Meese are on record as favoring abolition of the ICC. It will be interesting to see whether the remaining appointees to the commission reflect that point of view.

BRITAIN BUSTS A (STATE) MONOPOLY

Britain's Thatcher administration has announced the biggest denationalization program of its term so far. Its object: North Sea oil and gas.

The public is being offered a majority stake in the production interests of the British National Oil Corporation (BNOC), which was set up to tap the North Sea reserves that have made Britain self-sufficient in oil since last year. In addition, oil companies will no longer have to sell all their gas through Britain's nationalized monopoly supplier of gas, British Gas Corporation (BGC). Now they will be allowed to sell directly to industry. British Energy Secretary Nigel Lawson said that breaking the State monopoly on the sale and purchase of gas would result in more North Sea fuel for Britain.

Opposition to the sale of BNOC assets has come from various quarters, such as the Labour Party and the trade unions. The sales are "anti-public enterprise," they say, and a "scandalous waste of public assets" (forgetting that historically most public assets in Britain have been a scandalous waste of private income in the form of high prices and excess taxation to subsidize their losses).

In fact, however, the government has hedged its bets over the changes. Only a majority stake in BNOC will be sold, with the government maintaining a minority holding; and a plan to sell BGC's chain of retail outlets, which has a monopoly in the sales and service of gas appliances, has been shelved with the rationale that unraveling the legislation that set up the monopoly is very difficult and "shouldn't be rushed."

The new moves nevertheless represent an attempt to reduce the size of the public sector and introduce competition among nationalized industries. They also will provide 1,600 million pounds to the treasury coffers, which are suffering from an overrun in spending that threatens to blow Mrs. Thatcher's money-supply targets off the map. A fight already is brewing within the cabinet between the treasury—which wants to cut public spending further—and the departmental ministers, who will fight tooth and nail to preserve their budgets. The debate within the government tends to focus on paring budgets rather than chopping entire unnecessary functions of government.

One other piece of privatization announced is the sale of the National Freight Company (NFC) to its 26,000 employees. This move will divest the government of another index-linked state pension commitment that was worth its weight in gold to those working in NFC jobs but weighed like a financial millstone on those who had to pay for it through taxes.

GOLD GAINS

Writing in the September 1981 issue of REASON, economist Joe Cobb took a look at recent progress of the movement toward a revitalized gold standard ("Going for Solid Gold") and noted that "many of those who have long counseled the anti-inflationary virtues of a gold-based monetary system have high hopes." The conditions seemed auspicious: Reagan's favorable attitude toward the matter, the establishment of a Gold Commission to investigate the issue, and the introduction of a good-looking House bill that counters many of the standard objections to a traditional gold standard—the Free Market Gold Coinage Act—in June by Rep. Daniel Crane (R-Ill.).

Since then, circumstances have become even more favorable. In late September, a member of the US Gold Commission proposed a new US gold coinage that would compete in the US market with the Kruggerand. The proposal was supported by a diverse array of individuals, among them Rep. Chalmers Wylie (R-Oh.), Charles Partee of the Federal Reserve, and Treasury undersecretary Beryl Sprinkel.

Then in October, Senators Steve Symms (R-Id.), James McClure (R-Id.), Jesse Helms (D-N.C.), and Barry Goldwater (R-Ariz.) introduced into the Senate an improved version of Crane's Free Market Gold Coinage bill. The Senate bill reflects the advice of the American Institute of Economic Research, which analyzed the earlier House version and recommended that transactions in gold be exempt from discriminatory taxation and that the monopoly of paper dollars as legal tender be lifted.

And in an article appearing in an October issue of the *Wall Street Journal*, Richard Rahn, vice president and chief economist for the US Chamber of Commerce, endorsed the idea of competing currencies. Rahn pointed out that current laws already go a long way in providing a basis for competing currencies, including gold, but for one needed law: "remove all capital gains taxes from changes in the price of gold."

In addition to these developments, it has been reported that a bill soon will be introduced into Congress—the Free Market Silver Dollar Act—closely following the Senate's gold bill; if enacted, these bills would allow Americans to use foreign currencies and to keep checking and savings accounts in any currency or in ounces and grams of gold and silver. In short, they would allow Americans to freely choose the money they wish to use.

WHO SAYS ONLY GOVERNMENT CAN . . .

More and more functions that people assume only government can do are now being supplied by the private sector. Many such functions concern the provision of information. Take economic indicators like the Consumer Price Index (CPI), for example. While many people

have been complaining about that indicator's deficiencies, Wisconsin-based Runzheimer & Co. has gone ahead and done something about it. The firm has developed its own cost-of-living figures for each major city in the United States. It sells this information to national firms, such as General Mills, IBM, and Monsanto, which transfer employees from place to place and want to adjust compensation accordingly.

Weather service, too, is being invaded by the private sector (see Trends, May 1978). Firms such as AccuWeather are a major supplier of weather forecasts to the broadcast media and to shipping firms. Now comes word from Washington (*Aviation Week*, Nov. 2) that the government is studying the possibility of privatizing the operation of civilian weather satellites. At present these satellites are operated by the National Oceanographic and Atmospheric Administration's National Earth Satellite Service, while military weather satellites are run by the Defense Department.

Even the CIA is coming in for competition! Government Research Corporation, publisher of *National Journal*, has announced the formation of IRIS—International Reporting and Information Systems, based in Crystal City, Virginia. The company will provide worldwide intelligence service for business and government with capabilities it claims will rival those of the Central Intelligence Agency. Funding is being provided by a group of large European financial institutions.

Finally, the Space Shuttle is moving a step closer to private-sector operation. NASA has sent out requests for bids from companies interested in refurbishing the Shuttle between launches. At present, 25 separate contractors handle various aspects of the job, with NASA managing the process. Under the new approach, a single firm will do the whole thing, saving an estimated 20 percent of the cost. Seven aerospace firms and United Airlines have responded to a NASA request to study the current refurbishing cycle in detail prior to submitting bids. Kennedy Space Center director Richard G. Smith considers the contract a milestone on the way toward full privatization of Shuttle operations. When commercialization takes place, Smith told *Aviation Week*, "space will really have come of age."

ALTERNATIVE TRANSIT RIDES AGAIN

Why does public transportation cost so much? Economist Charles Lave, who has studied the matter (Trends, Sept. 1981),

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points out that because mass-transit systems are run as government monopolies, transit employees have been able to get wages far above free-market levels and have been able to block the implementation of sound business measures—especially the use of part-time drivers for rush-hour service needs and turning to supplemental services (for example, jitney buses) to relieve costly peak loads on the system.

Two years ago, a World Bank study, "Ownership and Efficiency in Urban Buses," identified three major Third World cities where private-sector minibus lines *are* allowed to complement public-transit operations. In all three cities—Bangkok, Istanbul, and Calcutta—the private lines were able to operate at a profit while the public systems could only cover a percentage of their costs.

What's more, in Bangkok, where the minibuses are allowed to offer rush-hour service in direct competition with the public system and at whatever prices they want to charge, they ease the public system's rush-hour burden, which causes the greatest portion of deficits in public systems. The result: Bangkok's transit system covers 70 percent of its costs, while the public systems of Istanbul and Calcutta, where the minis are not allowed to compete for the center-city rush-hour traffic, cover only 37 and 60 percent of their costs, respectively.

Despite these revelations, however, America's mass-transit systems continue their attempt at business-as-usual. Chicago transit riders were hit with two fare hikes in 1981 and by year's end were paying 90¢ a ride with the not unlikely prospect of $1 fares in the near future. To boot, Mayor Jane Byrne managed to pass two new taxes—a 1 percent sales tax and a 1 percent professional services tax—to raise more revenues to pour into the failing transit system.

So what do commuters who are fed up with service of generally declining quality and escalating prices do? Some of them are finding that the lessons of the Third World apply just as well here at home. In Chicago, a rash of new private operators offering no-frills service between the city and suburbs find that they can make a profit. Commuters *subscribe* to the service at a monthly fee less than what they would pay on the public lines. (The subscription nature of the service allows it to evade the general prohibition on competing with the transit monopoly.) The private lines operate only at peak hours and use their vehicles for other purposes during the rest of the day. Such subscription services are springing up in cities throughout the country: in Baltimore, Washington, Atlanta, Philadelphia, New York, and Houston, to name only a few. In some places the services are deluxe: subscribers pay a little more for reclining seats, air conditioning, and the privilege of smoking and drinking (which is not allowed on public carriers).

In some cases, commuters have banded together to arrange their own bus service. In Toms River, New Jersey, 46 residents who took this course found that they could get better—and less expensive—service by chartering a private bus. With a guaranteed seat each morning and evening, the commuters make their way into and out of New York City each working day right on schedule. And complaints about the heat or air conditioning not working have been put to an end.

UPS AND DOWNS FOR VOUCHERS, TAX CREDITS

Last October, writer Neal Pierce, in his syndicated column, urged Americans "to give [educational] vouchers a serious try in our most aggrieved urban school districts." Citing startling statistics concerning the inefficiency of the public schools and the actual cost of public education—$3,400 a year per pupil in Philadelphia, between $5,300 and $6,400 in Boston—Pierce said that "the time is ripe" to see if vouchers would, as claimed by advocates, in fact bring about "higher quality education."

Shortly thereafter, an initiative to institute an educational tax-credit, similar to vouchers in its intended results, appeared on the Washington, D.C., November ballot and was defeated by a ratio of 8-to-1. Apparently the citizens of Washington did not think the time was ripe for an educational tax credit.

Despite the crushing defeat of this tax-credit initiative, the movement for alternatives to the government education system is still very much alive. Last fall a major organization within the movement—the Center for Independent Education—merged into another major organization, the Education Voucher Institute (EVI). The union of these forces brings together under a single aegis many highly regarded proponents of various educational alternatives. Among EVI's board members, for example, are Milton Friedman, James Coleman, and John Coons. Frank Fortkamp, long involved with these issues, is EVI's director. This assembly of individuals may have a significant impact on future efforts to institute both tax credits and voucher plans.

On the West coast, Berkeley law professors John Coons and Stephen Sugarman have decided not to push their voucher plan for the 1982 California ballot. In 1979, the initiative was blocked from qualifying for the ballot by the well-funded California Teachers Association, one of California's largest sources of political contributors. The same fate appeared unavoidable in 1982, due to difficulties in raising funds to support the voucher plan. Unnamed private school interests, however, have promised financial support to place the initiative on the state ballot in 1984.

MILESTONES

• *OTRAG Leaves Libya.* The private rocket-launcher development firm has abandoned its controversial launch site in the Libyan desert, reports *Aviation Week* (Dec. 14). OTRAG is negotiating with several governments, including some in Latin America, for a new site.

• *Balancing Act.* In late October last year, the "Tax Limitation-Balanced Budget Amendment" was introduced into the house, cosponsored by 85 members of Congress. The amendment, which requires a balanced budget as "a norm of Federal policy" and prohibits increasing taxes faster than the growth of national income, has picked up substantial support since June, when it was approved by the Senate Judiciary Committee. Then, the amendment had 51 senatorial cosponsors.

• *Rent Control Controlled.* Voters in San Bernardino and San Rafael, California, and in Ventnor, New Jersey recently defeated rent-control proposals by wide margins. But the biggest surprise came in Minneapolis, traditionally a liberal leader on public-policy issues: 70 percent of its voters came out against rent control and a moratorium on condominium conversions.

• *Enterprise Zones Popularity.* A Gallup poll conducted for the Community Effectiveness Institute reveals that 70 percent of people who live in communities of 50,000 or more favor establishing enterprize zones in decaying urban areas. The unemployed and those in the lowest income groups show the greatest support.

—ROBERT POOLE, JR., AND ERIC MARTI

INSIDE THE

Tom Hayden and his Campaign for Economic Democracy are trying to pull the Democratic Party together again. What do they really want? And who's paying the bills?

BY JUSTIN RAIMONDO

"JANE'S REALLY GETTING INTO IT," coos a pert young woman who tells me her name is Shanda. "She's *so* enigmatic!"

Shanda has the lithe elegance of a dancer. She is clear-eyed and blonde—a California beauty. Her somewhat Grecian tunic, pinkish-grey and emblazoned with the JANE FONDA'S WORKOUT logo, gives her the look of a slightly punkish Isadora Duncan. We are standing behind an observation window, watching Ms. Fonda herself demonstrate the aerobic exercise technique to a room of worshipful women.

Lionel Delevigne/Picture Group

The newly opened San Francisco branch of Jane Fonda's "Workout" exercise salon is crowded with fans seeking a glimpse of glamour. Sunlight streams through skylights, illuminating polished wooden floors, bone-white walls, and miles of mirrors. We watch as the women gyrate to what sounds like rock muzak. Shanda—who is a Workout instructor—and I size up the clientele. Young executives, professionals, almost all of them women, Shanda informs me. Nodding, I silently concur: young, white, and relatively well-off.

"One, two, three—*four*!"

Enigmatic is certainly the word for Jane. The class responds to her enthusiasm dutifully. Mirrored walls reflect infinitely long rows of women bending and stretching.

The Workout salon is located on fashionable Maiden Lane, one of those charming little San Francisco sidestreets lined with trees and cute boutiques. Definitely not a working-class neighborhood.

I ask Shanda about rates, and she obligingly dashes off to get me a price list. Other Workout employees, as well as other reporters, gather at the window. One woman tries counting the crowd—unusually large because Jane is here—but loses count. Shanda returns with the price list: $6 per class or $200 for three months of unlimited sessions with both daytime and evening classes. It all obviously adds up.

"One, two, three—*four*!" Jane is relentless; no one can keep up with her.

As the lissome, leotarded bodies writhe in unison, I wonder if these

women know what it is they're building besides muscle tone. It's more than likely, I decide, that they have no idea where all the money goes. For these women—upwardly mobile, ambitious young professionals—have much at stake if the beneficiaries of Jane Fonda's Workout gold mine have their way.

What if they knew that they are helping to build a political movement that may well put an end to their dreams of upward mobility? What if they knew that they are filling the coffers of the Campaign for Economic Democracy (CED)—which wants to increase government control over their and their husbands' companies, slash executive salaries, nationalize basic industries, and keep out of America less-expensive consumer goods from foreign competitors? But Ms. Fonda is too smart to mix politics and business. There isn't a single hint of politics in sight—not even a "Save the Whales" poster.

GOLDEN OPPORTUNITIES FOR THE CED MACHINE

As Ronald Reagan and the Republicans continue to claim the national spotlight, riveting our attention on what they have called a crusade to "get government off our backs," a moribund Democratic Party is still reeling from the defeat of New Deal and Great Society liberalism. In the midst of much talk about the need for new ideas, a national leader, a common theme, to reunite the constituencies they banked on for 50 years, the most the Democratic establishment has come up with is a vague "neoliberalism" that counts on a failure of Reaganomics for success.

What remains of the left sees its chance. Having survived on the sidelines with their own vision for years, they are quietly organizing to fill the void created by the defeat of the middle of the road. Motivated by an abiding hatred of economic freedom, determined to turn the country around, these cadres of what journalist Kevin Phillips has labeled "pocketbook populism" are adapting the harsh egalitarianism of the '60s-style left to the political terrain of the '80s.

No one political figure symbolizes this new trend better than Tom Hayden. He is known to his enemies as "Mr. Jane Fonda." But to his supporters in the Campaign for Economic Democracy—and, increasingly, in the Democratic Party—Hayden is the founder and chief mover of the best-financed, best-organized group operating on the American left. The Hayden *persona*—the unfolding of which symbolizes the spirit and history of New Left-style "populism" itself—is not a single, constant entity. It has taken on many forms, from flaming revolutionary to aspiring Democratic Party hack. Hayden has borrowed rhetoric from Ho Chi Minh, Howard Jarvis, and British left Labourite Tony Benn. And above all, Hayden's brand of New Left populism—as embodied in the Campaign for Economic Democracy—is equally a political chameleon.

CED is financially dependent on Jane Fonda. Just how dependent can be seen from CED documents recently obtained by REASON.

Over the years there have been movie revenues. Fonda's own Indochina Production Company has brought the public *Coming Home, The China Syndrome,* and *9 to 5.* And Fonda owns the newly released *Rollover* and the TV series *9 to 5.* Now there's the Workout business, too—started, says Jane, because she's getting too old to keep the movie money rolling in to CED.

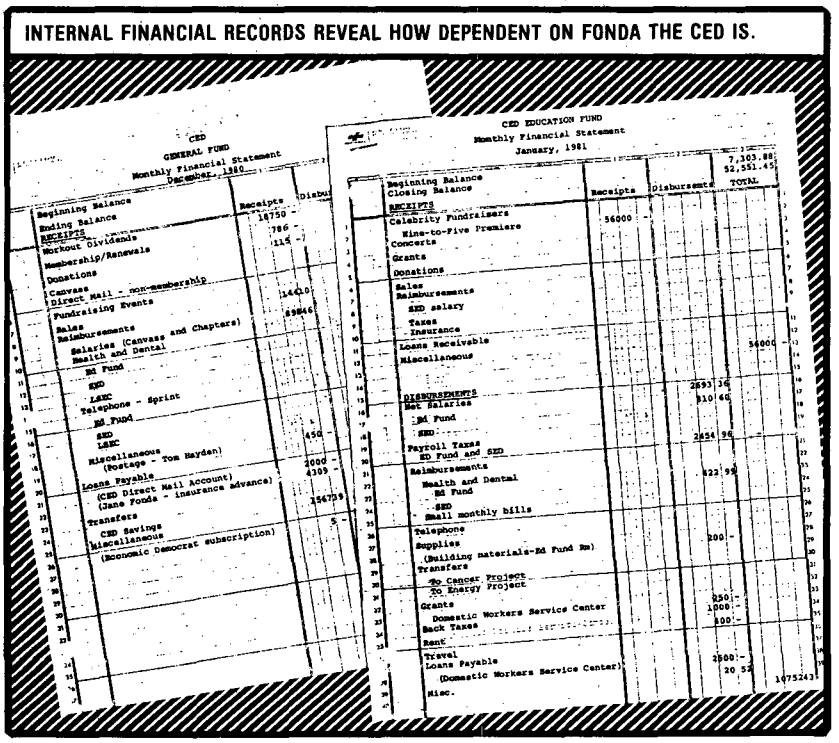
As the owner of the Workout program, CED gets the profits. In an interview in *San Francisco* magazine in November 1981, Fonda was asked how well the business is doing. "I don't know if that's a good thing to talk about. I don't think I will," Fonda answered. Then she added: "But it's already in the black." Just how much in the black—as far back as a year earlier—can be seen from CED financial statements for October, November, and December 1980. Over this three-month period, Workout revenue going to the CED General Fund alone totaled $47,660. During the same period, only $2,692 came from memberships and renewals and just $280 from donations.

In a previously unpublished internal memo to CED's Steering Committee, Staff Director Mignon McCarthy bluntly acknowledges the importance of Fonda: "We are very dependent on the Workout money. Revenue from memberships and more decentralized methods of fundraising are [*sic*] comparatively nonexistent." Meanwhile, Fonda is busy opening new salons and promoting a Jane Fonda exercise book—published by Simon & Schuster last November—based on the Workout program, with the profits again going to CED.

More big money—this going into CED's Education Fund—comes from Fonda's "Celebrity" fundraisers. A January 1981 statement, for example, shows that CED received $56,000 raised by Fonda among her "progressive" Hollywood friends and associates.

This money is used to make grants and loans to such causes as the United Domestic Workers of America via the Domestic Workers Service Center (totaling $11,250 between October 1980 and January 1981, for example). The significance of such support is revealed in a letter written on UDWA letterhead to the CED Steering Committee by Ken Msemaji, CED vice-chair. "Every area where the U.D.W. organizes and wins, is a place that will be able to produce voters, assembly caucus participants, delegates and people who, in a short period of time will be Economic Democrats." The Education Fund is also the source of monies

INTERNAL FINANCIAL RECORDS REVEAL HOW DEPENDENT ON FONDA THE CED IS.



CED
GENERAL FUND
Monthly Financial Statement
December, 1980

	Receipts	Disbu
Beginning Balance		
Ending Balance		
RECEIPTS		
Workout Dividends	18750 -	
Membership/Renewals	786 -	
Donations	115 -	
Canvass		
Direct Mail - NON-membership	14410	
Fundraising Events	23846	
Sales		
Reimbursements		
Salaries (Canvass and Chapters)		
Health and Dental		
Ed Fund		
SED		
LSEC		
Telephone - Sprint		
Ed Fund		
SED		
LSEC		
Miscellaneous		
(Postage - Tom Hayden)	450 -	
Loans Payable		
(CED Direct Mail Account)	2000 -	
(Jane Fonda - Insurance Advance)	4309 -	
Transfers	156729	
CED Savings		
Miscellaneous	5 -	
(Economic Democrat subscription)		

CED EDUCATION FUND
Monthly Financial Statement
January, 1981

	Receipts	Disbursements	TOTAL
Beginning Balance			7,303.88
Closing Balance			$2,551.45
RECEIPTS			
Celebrity Fundraisers	56000 -		
Nine-to-Five Premiere			
Concerts			
Grants			
Donations			
Sales			
Reimbursements			
SED salary			
Taxes			
Insurance			
Loans Receivable			54000
Miscellaneous			
DISBURSEMENTS			
Net Salaries		2693 36	
Ed Fund		310 46	
SED			
Payroll Taxes		2854 96	
Ed Fund and SED			
Reimbursements		422 99	
Health and Dental			
Ed Fund			
SED			
Small monthly bills			
Telephone		200 -	
Supplies			
(Building materials-Ed Fund Rm)			
Transfers			
To Cancer Project			
To Energy Project			
Grants		250 -	
Domestic Workers Service Center		1000 -	
Back Taxes		400 -	
Rent			
Travel		2500 -	
Loans Payable		20 53	
(Domestic Workers Service Center)			1475243
Misc.			

JANE FONDA DEMONSTRATES A ROUTINE AT ONE OF HER WORKOUT STUDIOS.

Steve Schapiro

for CED's "Cancer Project" and "Energy Project."

It is the General Fund, however, that finances CED's political activities, the area of its most sustained activity. "Through the revenue from the Workout," writes CED Staff Director McCarthy in a memo to the Steering Committee, "we are financially strong and more able to plan. With our electoral strategy, we are never 'rich.' " This electoral strategy, as laid out in internal documents, includes a five-year master plan and is perhaps CED's most ambitious project, political or otherwise. Major pillars of the five-year plan include supporting candidates for local office throughout the state and establishing a power base in the California Democratic Party.

"A REAL POWER TO RECKON WITH"

The seriousness of CED's bid for power in the California Democratic Party was demonstrated by its efforts at the state convention in January 1981. According to a CED report, 2,000 of its "members and allies" were mobilized to attend Democratic regional caucus meetings to elect slates of "Economic Democrats" as delegates to the convention. CED fielded 302 candidates at regional caucus meetings: 176 were elected, along with 91 alternates. Another 63 CED delegates were elected by county Democratic Central Committees, and 78 more were appointed by local Democratic Party legislators and appointees—adding up to a grand total of 317 hard-core CED attendees out of 1,600 delegates.

An internal memo states: "A major goal of our activity was to utilize this convention to gain influence in the decision-making institutions of the party and thus have an ongoing impact on the policy, structure and direction of the democratic party." (Note: *democratic party* is almost never capitalized in CED's internal memos, although *Economic Democrats* is.) "Our goal," says the memo, "was to elect 1-2 state party officers as well as delegates to the Executive Board of the party. The result of our effort was the election of 5 of 6 CED-endorsed candidates for state party office including CED activist John Means (So. Treasurer) and CED member Jack Trujillo (No. Secretary)." In addition to electing people to statewide party office, CED proved able to pass no less than nine resolutions, dealing with issues ranging from Diablo Canyon's nuclear reactor to "split-roll" taxation (a lower property tax rate for single-family residences than for income-producing property).

These successes add up to a growing CED presence within the state Democratic Party and a new level of credibility. Concluded CED's internal assessment: "Major elements of the community, labor, elected officials, democratic party regulars have returned from the convention with a new respect for CED both as a constructive force in the party and a real power to reckon with." And as Mignon McCarthy congratulated the Steering Committee in another internal memo, "In light of the success of the Republican Party nationally, CED's decision to step more firmly toward the Democratic Party—in need of a programmatic vision and a functioning, vigorous coalition—was important and timely."

How significant that step was can be gleaned from the success of a subsequent $100-a-plate CED fundraiser. Held at Los Angeles's luxurious Beverly Hilton last November, the event attracted 300 people, including many notable Democratic Party regulars. The master of ceremonies was Peter Kelly, a mainstream Democrat and the party's Southern California chairman. In a recently obtained letter to Tom Hayden, written after the January 1981 convention, Kelly had had these warm words: "Thanks for your help at the Democratic State Convention. You and the CED delegates were the cornerstone of my campaign. I am counting on your continued involvement as we begin to rebuild the Democratic Party."

No doubt the attention of Democratic Party regulars is due in no small part to CED's electoral successes to date. More than 50 CED-backed candidates have

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TOM HAYDEN AND JANE FONDA IN THE HOME OF SUPPORTERS IN AMHERST, MASSACHUSETTS, AFTER A DAY ON THE ROAD DURING THEIR 1979 NATIONAL TOUR.

already won local office in California, including majorities on city councils in Santa Monica, Chico, and Santa Cruz.

CED has a Five Year Electoral Plan laying out the strategy for more gains. As it is currently drawn up, the plan is an ordered schedule of specific campaign efforts throughout California, broken down city by city, year by year. It includes an extensive listing of potential candidates for elections as far off as 1985. Hayden himself will figure into the master plan. Even now he is gearing up for a campaign for office in 1982, probably for an assembly seat.

With Jane Fonda's revenue, an electoral record, and a strategy mapped out, CED's biggest problem may be in building its membership. Internal memos show a persistent concern with this item, and CED has embarked upon a direct-mail campaign—with the slogan "New Generation of Leadership"—to get members. Recent internal documents show a membership of 9,516, of which 2,087 are listed under "Inactive Chapters and Misc. Members." There are 25 active chapters listed, the largest being West Los Angeles (1,502), Metropolitan Los Angeles (1,295), Santa Monica (774), San Fernando Valley (648), Sacramento (419), and San Diego (348).

The results of a CED survey of its delegates to the 1981 California Democratic convention indicate what the CED membership is like (of the delegates surveyed, 95 percent said they are CED members). CED's summary of the results shows 76.2 percent Caucasian, 11.2 percent Chicano/Hispanic, and 12.5 percent not responding to a request that they state their ethnicity. The survey also revealed that 53.8 percent of these CED activists were between 26 and 35 years of age.

These are the children of the '60s. Unlike their recently apprehended black sheep ex-comrades of the Weather Underground, these middle-class radicals have chosen to follow the respectable road to a "new order" and "restructured economy." Today's populists of the New Left undoubtedly cringe at the pranks of their erstwhile allies.

IF SOCIALISM HAS A BAD NAME...

Tom Hayden and what the *National Journal* calls "the young progressives" do not lack political acumen. They have seen as well as other observers the widespread failure of socialism. The Polish experience more than any other single event has pressed this upon those of the left who are willing to acknowledge an unpleasant truth.

The crisis of socialism has caused a schism in the ranks. The old orthodoxies—the varieties of Leninism and even "democratic" socialism—have produced negative results. As the nation is engulfed by an alleged shift to the right, the old guard is increasingly ignored and a new force on the left—"economic democracy"—is arising to wipe the slate clean.

The case for disavowing the socialist label is forcefully made by one-time CED theoretician Derek Shearer, author of *Economic Democracy* and Hayden's next-door neighbor in what has become a stronghold of "economic democracy"—Santa Monica, California. Shearer, writing in *In These Times,* says:

While the use of the word socialism might have some positive (though contested) meaning to a minuscule percentage of the population, to most Americans it has a negative connotation. It signifies, at worst, government dictatorship and lack of freedom—Russia, China, Eastern Europe; and, at best, it means bureaucracy and the welfare state—England, Sweden, etc.

Socialism has a bad name in America, and no amount of wishful thinking on the part of the left is going to change that in our lifetimes....

The words Economic Democracy are an adequate and effective replacement.

People like Shearer and Hayden were profoundly affected by the victory of California Proposition 13 and the subsequent birth of the tax revolt. Howard Jarvis showed them that a grass-roots, populist crusade could be built, a mass movement forged, within the solid respectable ranks of the American middle

class. Hayden and those in his political sphere were impressed.

The tax revolt revealed also that the middle class—not the working poor, as they had earlier supposed—could provide the constituency for a renewed American left. Writing in the *Wall Street Journal,* Hayden notes that "the unemployed of the '30s who supported Roosevelt had become the squeezed suburban taxpayers of the '70s who supported Howard Jarvis." And Sam Hurst, a former CED staff member who still works closely with the organization, recalls that this *rapprochement* with the middle class was largely motivated by the left's having seen that New Deal politics had "left the middle class just getting beat to death with taxes, and they were screaming for relief." It was after that realization, Hurst recalls, that "we decided that a new progressive left program . . . could rebuild the Democratic Party, or regalvanize the constituencies of the Democratic Party."

In the scenario laid out by Tom Hayden, the rebuilding of the Democratic Party entails not only a "regalvanization" of its constituencies but a complete "revitalization" of America "as new and far-reaching as the New Deal." In a November 1980 postelection article in the *Wall Street Journal,* Hayden presented "An 'Activist' Agenda for Liberals," which provides the skeletal platform for launching a Democratic comeback. Central to this program, says Hayden, is "a new social contract . . . between government, business, labor, minorities, and the general voting public."

Among "the cornerstones of this new order" Hayden proposes energy conservation (mandatory, one assumes); an industrial recovery plan that would "deal with . . . the invasion of competition from abroad"; and an anti-inflation policy aimed at "breaking the concentrated power of the private monopolies over necessities like food and medicine and requiring that investment decisions include consideration of the 'inflation impact' (just as environmental impact statements are required)." Also among Hayden's proposals are increased government scrutiny of workers' pension funds (so that they may be invested in "enlightened" ways) and "a new partnership" in economic decision-making among corporations, labor, government, and public-interest groups. Employees and consumers on corporate boards will need to take the place of government regulation, he predicts. Then, businesses will be made to stop "promoting the mass consumption of unhealthy foods," to cease "the poisoning of the workplace and the environment," to humanize offices "to reduce stress," and to find "ways to employ 10 million out-of-work Americans."

Hayden's agenda constitutes a call to arms to Democrats, a sort of injunction to get the national house back in order. But when it comes to nuts-and-bolts politics, Hayden's CED sticks close to the theory laid down by Derek Shearer. "The movement for economic democracy," writes Shearer, "is, and should be, decentralized and pluralist, with a focus on winning state and local elections, not a third party or a national left organization; and on founding and running democratic enterprises, schools, and publications. Only once such a base is built will we be in a position to run a candidate for the presidency with any hope of winning or in any other way challenge for national power."

So for now, CED is successfully limiting its activities to California. "We know we are going to have to go national," said CED staff member Sam Hurst to the press in August 1980. "And yes, it's within the next five years."

CED's general electoral strategy essentially is to choose single issues—often pocketbook issues—to provide the focal point for campaign efforts. In Santa Monica, for instance, the issue that put CED in power was rent control. In other campaigns, CED has focused on housing, land development, the use of agricultural land, and toxic waste. (On the other hand, CED does not take an official stance on highly controversial and emotionally charged issues such as gun control or abortion. These issues never provide the focal point for CED election efforts.)

This single-issue populism succeeds in getting votes from many who may be firmly opposed to socialism, or "economic democracy," as a whole program, but who perceive some personal benefits from rent control or low-cost housing. By winning friends on these pocketbook issues, CED is building a constituency among the middle class that may yet revive the declining fortunes of the left.

MOVING IN ON THE LEVIATHAN STATE

Operating in tandem with this electoral strategy—but much broader in scope—is CED's base-building effort targeted at the public sector. This is part of a communal effort by numerous New Left organizations, which together form an extensive national network. The entirely correct premise behind this strategy recognizes that the "public" sector is already a major—if not *the* major—locus of American life and politics. The new pragmatists of the left fully intend to build on these well-laid foundations.

One of the national network's organizations with which CED is closely affiliated is the California Public Policy Center (CPPC). Its strategy in promoting "consumer's rights" is to get members appointed to various regulatory and quasi-governmental "advisory" bodies, usually as a reward for flexing their growing political muscle in the service of sympathetic Democratic elected officials. According to a center report, for example, CPPC was able to get a number of its members appointed to positions on the California agricultural marketing boards, and one member was appointed to the Ad Hoc Agriculture Department Consumer Advisory Board. One of the members "worked intensively on an instruction manual" for other appointed members of the public. The report goes on to state:

> *This project has been increasingly successful in providing the consuming public with opportunities to work within the institutional resources of government to deal with commodity inflation and agricultural oligopoly structures.*

Another example of the public-sector strategy involves the popular solar energy issue in California, which the *Berkeley Barb* charges Hayden with having "all but expropriated for his own political ends." In 1978, after intensive lobbying by CED and the CPPC, Gov. Jerry Brown set up SolarCal, a public solar energy corporation, and appointed Hayden to the board. Western SUN, too, a project of the federal Department of Energy intended to promote solar energy in 13 western states, became a CED tool when Hayden was made director of the California branch. He used this position, found the *Barb,* "to put as many political allies as possible on Western SUN's payroll."

Not only are leftists to gain government positions, through either elections or appointments. Another aspect of the left's base-building strategy—to use Derek Shearer's language—is to set up "alternative institutions that embody principles of economic democracy." Shearer's examples of such institutions include "food co-ops, worker-owned stores and production units, alternative newspapers, magazines, and publishing houses, public interest research groups, and alternative technology consulting groups and demonstration projects."

These institutions not only serve as the "training grounds for people in the skills of running economic enterprises more democratically," as Shearer theorizes; they also are integral power-building components of the populist network. In

the October 1979 issue of *Social Policy*, for example, officials of the New Orleans-based Association of Community Organizations for Reform Now (ACORN)—one such component of the network—tell it like it is:

> *We do not use our food-buying clubs as anything other than a tool to build the necessary social bonds for our people to struggle in the political and social arena. . . Our interest is not in specific or immediate reforms; instead, our purpose in such participation is to build political power.*

And in an ACORN training manual there is this: "Our goal is building power. We are not interested in just making people like each other."

"Citizen action groups" like ACORN extend across the country. There is Massachusetts Fair Share, Connecticut Citizens Action, the Citizen/Labor Energy Coalition, the Ohio Public Interest Campaign, the Illinois Public Action Council, and so on.

Most of these organizations come together in the National Conference on Alternative State and Local Policies (NCASLP)—a coalition of elected and appointed "progressive" officials, academics, and professional "planners" from across the country who are "populist, progressive, socialist, innovative, and open-minded," according to the NCASLP itself. The organization had its founding conference in June 1975; the conferences are now an annual event, along with various regional gatherings.

The group's headquarters is in Washington, D.C., at the Institute for Policy Studies. Besides publishing books and reports, holding seminars and the annual conference, and producing *Ways and Means*—a bi-monthly newsletter—NCASLP executes several single-issue projects. The Agriculture Project, for example, "encourages and assists efforts to implement progressive farm, land and food policies at the state and local level." In other words, NCASLP wants to duplicate CPPC's strategic use of the California agri-bureaucracy on a national scale. In a similar vein, the Energy Project seeks to duplicate Hayden's Western SUN/SolarCal *coup d'état*. The Economic and Community Development Project devises "alternative investment strategies for public employee and severance tax trust funds," while researching legislation which would prevent industrial plants from either closing or relocating.

As a NCASLP report explains it: "We are seeking for political and programmatic ways that the questions of the maldistribution of power and wealth in America can be addressed by activist state and local political movements. . . . we are particularly interested in initiatives involving the control of governmental institutions themselves."

In this way, the populist left is working to utilize the existing structure and power of the public sector to preserve and expand its influence. This strategy also relies on the already intimate links between economy and State. Hayden and CED recognized this as the pathway to power long ago, and, in the wake of Reagan's triumph, much of the "progressive" left is coming to agree. Not revolution, but a slow, insidious burrowing-from-within. That is how "planned chaos" will come to America—not through armed insurrection, but by means of forms filled out in triplicate.

JANE FONDA'S PARTNERS OF THE PURSE

Not a little of the money for these myriad institutions and their projects has come from federal and state agencies. Publications ranging from the *Wall Street Journal* and *Barron's* to the *Berkeley Barb* have investigated and reported the flow of public funds to CED and other ideological groups of the left.

Under the Carter administration, for example, $189,000 was granted to CED's Laurel Springs facility to train VISTA volunteers. (Laurel Springs is a 120-acre ranch north of Santa Barbara, California, bought by Fonda and Hayden in 1977 as a site for developing alternative energy sources and setting up a CED Organizer Training Institute and a summer camp.)

CETA money found its way to Santa Monica City Council member (and now mayor) Ruth Yannatta Goldway's Center for New Corporate Priorities. This openly political organization received a $126,000 grant that paid part of Ms. Goldway's own salary at the center and went toward placing 57 CETA trainees in community organizations with varying connections with CED. When the Labor Department began investigating charges that CETA money was being used toward political activities of the left's network, Goldway renounced the grant.

Department of Energy funds came under Tom Hayden's control when he was made director of a DOE project in California. "In addition to hiring CED cronies to work on Western SUN's staff," reported the *Berkeley Barb*, "Hayden and his allies have also been careful to see that federal funds from the program have been channeled, almost exclusively, into 'community action' programs and groups affiliated with CED."

Ironically enough, when it isn't the taxpayers who are supporting the left's think tanks, "neighborhood organizations," and various "alternative institutions," it is "the guilt-ridden heirs to American fortunes"—as *Forbes* magazine puts it—"like Pillsbury, Levi Strauss, Sears & Roebuck, Union Carbide, and J. C. Penney." Other big contributors include: the Stern Fund, Stewart Mott, the Janss Foundation, the Samuel Rubin Foundation, the New World Foundation, the Shalan Foundation, the Ford Foundation, and the Rockefeller Brothers Fund. These big-money outlets have funded everything from *Mother Jones* magazine in San Francisco to the Washington-based Institute for Policy Studies (IPS) and the Citizens Policy Center in Santa Barbara.

This strange alliance—this superficially contradictory mix of the "philanthropic" fronts for some of the world's largest corporations and anticorporate crusaders like Hayden and Shearer—is, at first, an enigma. After all, what values and interests could both Tom Hayden and the David Rockefellers of the world possibly share?

THE CORPORATE STATE WITH A VENGEANCE

In order to understand the origins and possible consequences of this unholy alliance, it is necessary to understand that the left populist movement represents a real break with orthodox Marxist traditions of the left. CED's methods and goals constitute a leftist adaptation to the corporate state, envisioning the road to a restructured economy in terms of radical reforms rather than revolution. More so than even their "democratic socialist" allies in DSOC (the Democratic Socialist Organizing Committee), CED and the left populists have foresworn much more than the socialist label. Derek Shearer's injunction to the New Left to abandon the word *socialism* was no mere exercise in semantics: a very real ideological transformation is taking place.

Recall Hayden's "activist agenda" one of his urgent proposals for "a new order" is the forging of "a new partnership" betwen government and corporations. In large part, the mission of this partnership is to effect "an industrial recovery plan." Integral components of the plan focus on dealing with such things as, in Hayden's words, "a national defeat and a national embarrassment" at the hands of OPEC and "a deadly invasion of German and Japanese cars and television sets."

Indeed, hostility to foreign competition, protectionism, and a strict, vigilant

regard for American economic interests permeate Hayden's rhetoric. "I don't think if a worker from Youngstown was on the board of a steel company," Hayden announced to an Ann Arbor audience in 1979, "they would automatically vote to move it to Japan." In the same speech, Hayden declared that "we should not allow the private oil companies to buy from Saudi Arabia or from OPEC." This is a far cry indeed from the "internationalism" of the traditional Marxist left.

In keeping with their public-sector power-building strategy, what Hayden and the populist left propose is nationalization of basic industries. Aware of the problems with this remedy for nationalist concerns, Hayden tried—in vain—to squirm out of them before his Ann Arbor audience:

What holds us back probably is that we're as scared of government bureaucracy as we are of corporate bureaucracy; we're afraid that if we nationalize the oil industry, James Schlesinger will come back from retirement and be made the head of Exxon. So we have to be able to liberate government from the hands of the oil industry, and when we're sure we have a government we can trust, then and only then will we be able to take over the oil industry. But that's what we have to move towards. If oil and energy are as crucial to our national security as all of us realize, it's absolutely insane to allow the key to our security to depend on the private profit of big oil. They have to be regulated. They have to be brought under the control of an elected government.

But would it really be necessary for Mr. Schlesinger to come out of retirement? Wouldn't another Schlesinger—a Schlesinger "we could trust"—rise to take his place? Far from "liberating the government from the oil companies," the interests of the government and oil companies would meet and merge; indeed, the oil companies would *become* the government. This, then, is the meaning and end result of Hayden's business/government "partnership"—an all-around expansion of government power. This is where the interests of the Rockefeller Brothers and the left populists converge: both seek to operate within—and preserve—the corporate state system.

THE NEW LEFT'S NOT-SO-NEW ORDER

A business/labor/government "partnership," a hostility to foreign enterprises, a movement of the discontented middle class against the backdrop of a US economy in decline—what does it all add up to? What *is* "economic democracy"? If we examine the details of the CED program, the true meaning of "economic democracy" begins to come into focus. What its corporate statist views would mean in practice is vividly outlined by Hayden in an interview with *Barron's*:

. . . Consumers who do a certain amount of business with the company ought to have some method of representation. Employees, either through a union or separate from a union, ought to have some representation. The surrounding communities that may be affected by environmental hazards ought to have some say. The board of directors ought to include those forces and the other directors that the shareholders select (who are usually really chosen by management).

Q. How do you define a "public" whose interests are so diverse? You point to the community surrounding and say "environmental concerns." Yet dozens of other concerns might come to bear.

A. There are two ways. One is "top-down" and the other is "bottom-up." In the top-down model, somebody like the President, the Congress, the Governor of the state or whoever would either ap-

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HAYDEN AND FONDA AT A CED-FUNDRAISING PREMIERE OF HER NEW MOVIE *ROLLOVER*.

point or appoint with approval of the company's directors representatives to limited terms. The bottom-up way would be, where it's feasible, an electoral process. In the case of employees, they could simply have an election. In the case of the surrounding community, the people who live within, say, the city boundaries or some other political jurisdiction could have an election.

All this has a familiar ring to it. It is hardly the Marxist or syndicalist idea of "workers control" encountered so often on the left. It is something much worse and much more possible, as the following quotation makes all too clear:

It is an economy for an individual or corporate employer to reduce labor costs. But for the country to reduce employment can never be an economy. It may be a real economy and advantage like the United States Steel Corporation to buy control of and shut down the principal industry of Newcastle, Pennsylvania, thus ruining that entire community. The social costs of a ruined Newcastle are not borne by the United States Steel Corporation. It may result more economically or profitably for a great automobile industry to produce seasonally and leave the city of Detroit to take care of its seasonally unemployed. Those who say that the interests of an employer or capitalist always coincide with those of the communities within which they operate. . .simply do not observe accurately and fully.

Tom Hayden again? No. Is it Jane, then? Or Derek Shearer? Wrong again. The above quotation is from *The Dynamics of War and Revolution,* by Lawrence Dennis, the notorious theoretician of American fascism.

The only difference between Dennis and Hayden is that it was absolutely clear what Dennis was advocating; the quotation is from a chapter entitled "Return to Discipline: The Old Freedom and the New Discipline." Lawrence Dennis—cheerleader for Mussolini's corporate state and Germany's "folk unity"—called for prohibitions on plant relocations long before Tom Hayden was even so much as a twinkle in his father's eye.

Although Dennis had no use for democracy of any kind—"economic" or otherwise—the concrete details of his program in fact parallel Hayden's. Certainly both could agree on the "necessity" of a Chrysler bail-out, and the ultimate solution—a government/business/labor triumvirate directing a company which has been, in effect, nationalized.

Accusations of "fascism" should not be thrown around lightly, but Hayden's concrete proposals—such as a new federal charter for corporations specifying the inclusion of labor, environmentalists, and "the public" on corporate boards—seem to implement the vision of Mario Palmieri, the Italian fascist philosopher who projected a new structure for corporations whereby "the interests of producers and consumers and employees, individuals and associations are interlocked and integrated in a unique and univocal way, while all types of interests are brought under the aegis of the state."

A Splenglerian despair, an apocalyptic tone, and a desire for *order* characterize today's economic democrats as well as yesterday's apostles of the "New Order." Now that the country is supposedly moving to the right, "young progressives" like Steve Max of the Midwest Academy cannot leap on the bandwagon fast enough. Said Mr. Max at a recent convening of the National Conference on State and Local Policies:

Our organizations must become the champions of the social and cultural values to which our constituents so desperately cling in times of economic instability. There is nothing inherently reactionary about stability and security unless we abandon those age-old needs to the ministrations of the right.

Mr. Max could learn a lot from Jerry Falwell. Such a curious convergence of views should come as a surprise to no one. Although the advocates of "economic democracy" have not exactly joined the Moral Majority, they haven't joined the civil liberties opposition, either. We live in a "fortress of gluttony," proclaims Hayden in the *Wall Street Journal,* a view that brings him to impel us to "clean up and improve the quality" of our lives. Hayden rails at television, which "numbs the minds of our children," and he excoriates us as a nation for spending "more on pornography than the arts."

Such " outrages," he concludes, "cannot be defended any longer by doctrines of permissiveness and consumer freedom." As remedy for these social evils, Hayden pushes us to adopt a "disciplined life style"—shades, again, of Lawrence Dennis and his disquisition on "The Old Freedom and the New Discipline."

"YOU DON'T HAVE TO BE A LEFTY ANYMORE"

Although one awaits the *rapprochement* of Tom Hayden and Jerry Falwell with a mixture of trepidation and amused disbelief, such an alliance cannot be dismissed. Whatever develops of this ideological merging of the New Left and New Right, the rightward turn initiated by Hayden and his growing political machine points in a rather disturbing direction. At a time when nothing seems secure—when jobs, the value of money, and traditional values themselves all seem threatened by economic uncertainty—CED's vision of an essentially *static* society has broad appeal. It assures a declining labor movement its place in the sun; it preserves the power and status of the big corporations; and it may yet prove to be the resurrection of the burgeoning bureaucracy that prospers even in Reagan's America. Everybody gets "a piece of the pie."

And as the populist left takes the steps necessary to make a bid for national political dominance—as it gains the support of the middle class, works to breathe new vision into the Democratic Party, builds an infrastructure on a well-laid public-sector foundation, and coordinates a national network of activist groups—CED is successfully demonstrating in California how to make it all work.

In Santa Monica, it was not the poor and downtrodden who voted in rent control—it was the relatively affluent residents of Ocean Park. "Two years ago," said Ruth Yannatta Goldway in 1980, "rent control was not the thing to back in California. With inflation, and Proposition 13, people are going to see it as a necessity." Hayden explains the political significance of this development: "If you're for rent control you don't have to be a lefty anymore."

What remains to be seen is just how far these crusaders for collectivism American-style will go in abandoning the trappings of traditional leftist doctrine. To the extent that Hayden, Shearer, and others can combine this task with the job of applying their grass-roots organizing strategy to the lowest common denominator, they have a good chance of capitalizing on the rising fears of America's middle-class discontents.

As people get used to voting themselves a rent freeze, the way is paved for the day "the community" will vote to prevent industry from fleeing oppressive local taxes and regulations. And on that day, Tom Hayden and his "progressive" allies will be waiting in the wings. They already have the theory—and they're working on the practice. All they require now is time—and patience. Jane Fonda's lucrative Workout salons and an increasingly insecure middle class may very well take care of the rest. ◻

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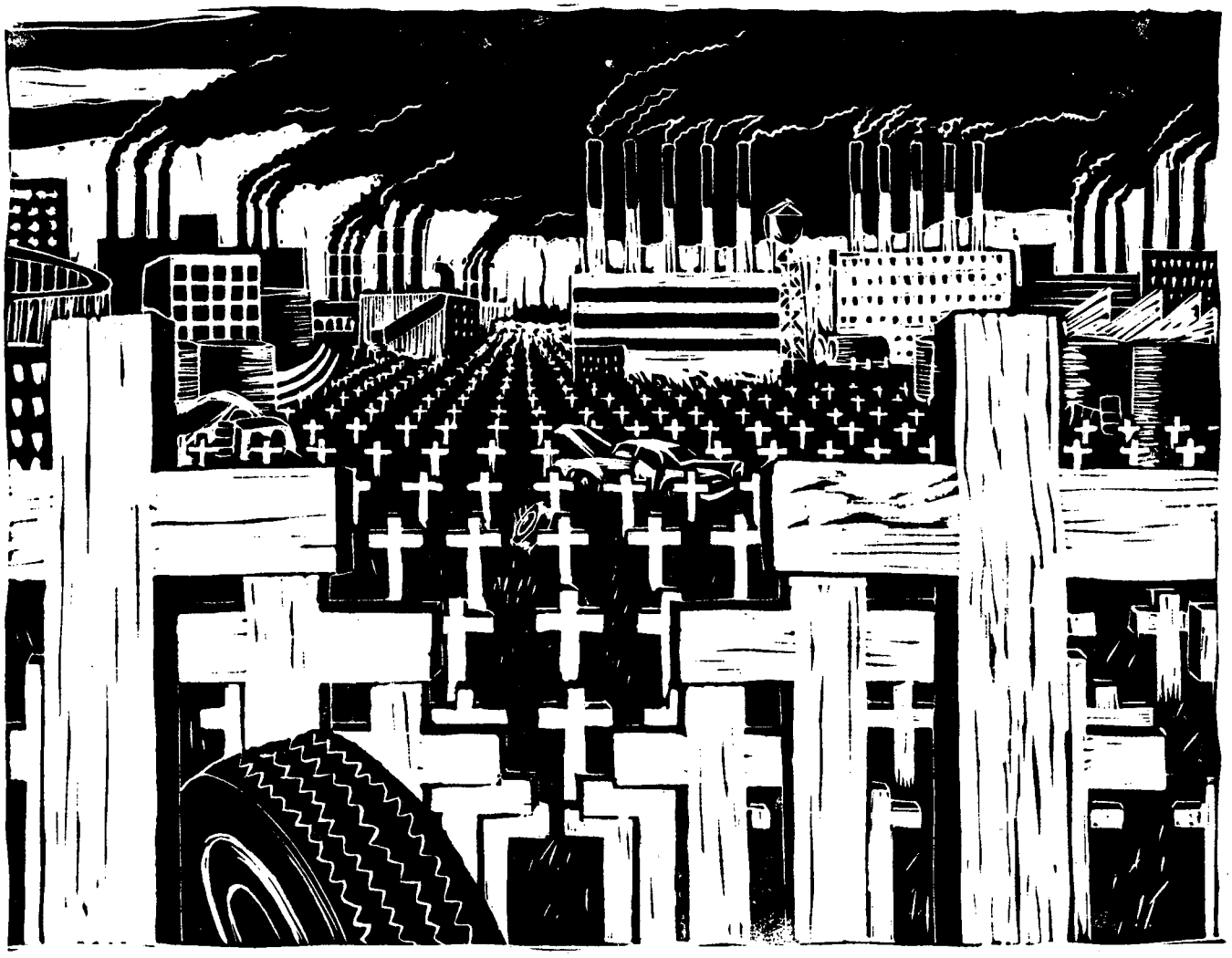
SHOULD WE SPILL BLOOD OVER OIL?



By Laurence W. Beilenson and Kevin Lynch

SHORTLY AFTER ASSUMING the presidency, Ronald Reagan criticized Jimmy Carter's pledge to defend the Persian Gulf as "clumsy and ill-advised" because the United States lacked the men and matériel to uphold the pledge. Though little has changed militarily in the intervening months, President Reagan, in his October 1, 1981, press conference, virtually reiterated the Carter pledge. "There's no way," he said, "that we

Illustration by Byron Glaser

could stand by" and allow the Persian Gulf to be taken over by anyone who would "shut off that oil." He should have stuck to his guns.

If it wants war, the administration is on the right course; if it wants oil, it's on the wrong course. To ensure a steady supply, the solution to uncertainty about the Middle East is to stockpile. If there were on hand in the United States a 12-month supply of oil, Americans would have time to adjust and compensate in the event of a cutoff.

In spite of his reversal on the advisability of defending the Persian Gulf, the president has not emulated the neglect of his predecessors in filling the government's strategic petroleum reserve. When Mr. Reagan came into office there were only 110 million barrels of oil in the reserve; by early October 1981, 200 million barrels were there—more than an 80 percent increase in just nine months. Still, 200 million barrels cover our imports for only about five weeks.

The administration suffers further from the mismanagement of its predecessors; the government's present storage capacity is only 250 million barrels. Storage is currently being built for another 290 million barrels, and plans for another 210 million are on the drawing boards. For a year's replacement of imports, however, we need over two billion barrels stockpiled, whether in government or private reserves.

Americans can insulate themselves against interruptions in the supply of oil by stockpiling a sufficiently large quantity—one year's or, better still, two years' worth of present imports. Such a stockpile can bestow a more important benefit, also: preventing the United States from rashly going to war in the Persian Gulf.

The United States is separated from the Gulf by 7,000 miles; the Soviet Union, by a few hundred. To exert control, the Kremlin does not even have to invade. Its bombers, based in its own territory near the Soviet border with Iran, are within range of the Gulf. One bomber need drop only one bomb. No matter where it lands, it can't miss; the oil tankers would refuse to enter the Gulf. On the odd chance that one venturesome tanker captain was willing to run the gauntlet, Lloyd's of London would see to it that the resultant increase in insurance would be prohibitive.

In defending the sale of AWACS planes to Saudi Arabia, the State Department wrote a new scenario: Libya, Ethiopia, and South Yemen, three Soviet surrogates who recently signed an entente, attack the Saudis. In theory, the Saudi army will not have to fight single-handedly: the first shots will trigger an immediate response from our rapid deployment force (RDF).

In all the fanfare surrounding the creation of the RDF, a crucial fact has become buried: we have neither the airlift nor the sealift capacity to project a credible force to the Gulf, and it would take many years and billions of dollars to develop one. Even if we had the troops and matériel, ferrying them to the Gulf would be a logistical nightmare. For less money and in less time, we can stockpile oil.

During the Vietnam War, we were reminded of the warnings uttered by senior military commanders at the close of the Korean War against American involvement in another land war in Asia. What was true for Southeast Asia is equally true for Southwest Asia. If the Reagan administration, following in the steps of its predecessors, chooses to ignore the warnings, it will be repeating what is perhaps the fundamental defect of American foreign policy since the Korean War: committing the United States to a strategy that pits American soldiers against Soviet surrogates on a battlefield thousands of miles from American shores, while the men in the Kremlin sit back and smile. Given the choice between American lives and oil from the Persian Gulf—*the source of less than 8 percent of the total energy consumed in the United States*—most Americans would choose to forgo the oil. After all, we can take the bus.

This is something the United States must come to realize by itself without any assistance from its allies. Since the Gulf supplies approximately 50 percent of Western Europe's imported oil (as opposed to less than 25 percent of our imported oil), we can hardly expect the allies to be as cautious as they have been regarding, say, El Salvador. In fact, the allies so desire the United States to play the superpower role in the Gulf that the truly extraordinary has happened: the allies have made faint sounds about shouldering a little more of the burden in Europe for the high-minded purpose of freeing American forces for the Gulf. The words, however, have not been followed by actions. Granted that Western Europe and, even more, Japan needs Gulf oil, they too can stockpile. If they want the oil and if they believe an RDF is required, nothing prevents Japan and Western Europe from creating their own RDF.

Wars and preparation for wars are two kinds: wars for survival and wars for economic benefit or prosperity. In preparing for or waging a war for survival, money cost becomes immaterial. In preparing for and waging a war to gain or hold prosperity—apart from the question of ethics—the money cost is all-important. Obtaining oil from the Persian Gulf is not for our survival; it is for our prosperity. The cost of preparing would exceed the benefits; the cost of waging such a war, not to mention the expense of maintaining and supplying troops to hold the oil, would sink us economically.

On the question of price, a bit of sabre-rattling is to be expected. Gerald Ford and Henry Kissinger huffed and puffed, but nobody quailed. Jimmy Carter, the man of peace, threatened nuclear war by "the Carter Doctrine." Still, Ronald Reagan exudes confidence, and perhaps when thinking of the potency of its oil weapon, the Saudi royal family should bear in mind this reminder from Machiavelli: "Money, alone, so far from being a means of defense will only render the prince more likely to being plundered. . . . The sinews of war are not gold, but good soldiers; for gold alone will not procure good soldiers, but good soldiers will always procure gold."

That judicious warning is salutory for OPEC in weighing the question of the price of its black gold, but it does not change for us the fact that ensuring our prosperity via the RDF does not warrant its cost. The even greater danger is that the momentum of our rhetoric may impel us into war.

We don't *own* the oil. Lying perilously close beneath the surface of the discussion is the assumption that if we need the oil badly enough we ought to take it by force. Apart from its immorality, such a doctrine falls of its own economic weight. According to one administration estimate, war in the Persian Gulf would cost a trillion dollars, not to mention the bloodshed and the danger of nuclear war. Such a war would so split the country—and it should—that the home front during the Vietnam War would seem a paradise.

If our "economic realists" insist that, in accordance with *real politik*, we should be international thieves, why not steal closer to home? Mexico, Canada, and Venezuela have lots of oil. If we choose to fight a war against those countries for their oil, we could more easily bring home our dead.

Far better to take the bus. ◻

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The Corruption Of Ideas

BY TIBOR R. MACHAN

SOME SAY that ideas have no consequences. They do. But often shabby ones take the limelight, and so the consequences are less than glorious. More frequently the consequences are confused and indirect, rather than horrid and easily traceable as in the case of Nazism or communism.

Moreover, there are good ideas that can become corrupted. Consider "democracy." What can be understood by the concept in the best and most consistent way is quite valuable: a method of selecting between political alternatives based on the legal right of citizens to participate in a vote. Thus, constitutional democracy whereby the violation of people's rights is not open to a vote is far more valuable than wholesale democracy.

Yet wholesale democracy is not the worst rendition of this idea when in the hands of corrupters. Consider the rendition it has received at the hands of Marxists. Poland was a democracy all along with its one-party dictatorship. The USSR is a democracy—or, actually, a republic, along with China! What a crude joke that is.

A similar thing has come to pass with rights. When understood as meaning the sphere of authority of moral beings, as the freedom of conduct to be respected by others, then it is a valuable thing indeed to pinpoint rights, especially the basic human, natural rights that every human being possesses. But the idea is as open to abuse as any other.

A drastic abuse is that perpetrated by the Soviet legal quacks who declaim that rights are whatever the State asserts one must do with its approval—the right to vote for the Communist Party, for instance, or to praise the great Soviet leaders. Thus, by coercing people to do whatever it deems proper, this marvelous monument to Karl Marx's version of *Alice in Wonderland*'s more bizarre scenes has made itself out to be a defender of human rights.

Less-tortuous corruptions of the concept of rights are evident as well. The right to live without fear, for instance, is just one such relatively harmless yet corrupt application of a fair and good thing. And the right to read. And animal rights—more confusing but perhaps somewhat more benignly motivated, inasmuch as one can hardly blame those who wish well for animals to grab at an abused but catchy idea to make their point.

Sure enough, if folks have the right to read—if we should grant the desirability of reading the status of something coercible for and of people—then animals have rights. Don't we find it unseemly for animals to be treated with cruelty and callousness? And are there not instances when this could well be avoided? Certainly. But to call this a right of animals against being used by humans for food and pleasure and even entertainment is something else again. Yet given what has happened with some of our best ideas in human history, how they have been twisted by confused and sometimes evil people, is it any wonder?

There is "freedom," too. What does it mean now for thousands of intellectuals? To be free means, for these wise folks, to be without need, without any impediments to automatic progress toward health, knowledge, pleasure, love, virtue, and whatever else one might desire. Freedom is not seen, as it should be, as the absence of obstacles to action thrown up by other people's willful intervention.

Why? Because whoever heard recently of any such capacity as willfulness, of choice, in human life? That was killed off by science, wasn't it? Well, so it seemed, from all the propaganda we have heard. Now that kind of freedom seems to have been all but lost to our consciousness, especially along the corridors of academe. It is the free state of being, the unimpeded existence, that concerns most of our social and political gurus, even if we have to bring it about by the whip. This is the state that is brought about in the spirit of "You *will* be free, like it or not!"

Is it hopeless, then, to set any store by ideas? No. Eternal vigilance is not just freedom's price but the price to be paid for truth, virtue, even beauty. One must keep checking, clearing things up, making sure not to buy some phony rendition of a good idea, yet not to miss out on improvements, either. Conservatives are right enough about many developments being better left to traditional motivations, because new ones often are hopelessly muddled while the old ones have survived much harsh weather. Yet, unless we keep our minds on them, all too often the traditions can get worse, and we might miss some of the good ideas not yet thought of.

So I would not despair completely when I hear about the "freedom" of the Albanian people, or the "rights" of pigs, or even the "democratic" economic plans of a Tom Hayden. It is more vital to keep up the pressure in support of good things than to recoil at the junk. As Shakespeare observed through King Lear, "Goodness and virtue to the vile seem vile." Likewise, freedom and rights to the confused will become confusing. The point is, contrary to Humpty Dumpty, not who will be master of the house but how well the house is going to be built. And that, this time following Humpty, is up to us in the end. ◻

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By Ole-Jacob Hoff

A COUPLE OF YEARS AGO, having just spent a week in the far-away city of Hong Kong, I was going home to Norway via London. I needed a reservation for the last leg of my flight—from London to Oslo—and went into a travel bureau and explained my problem to the woman behind the counter, a Chinese woman who was very pretty and spoke excellent English. But she looked me straight in the eye and asked politely, "Why don't you just take the train?"

Somewhat surprised, I protested: "That isn't going to be easy—do you know where Norway is?"

She looked hurt. "Of course I do," she said. "It's just north of London!"

It was the kind of situation you often get into when you travel abroad and hail from a small nation. You get used to bumping into people who know nothing about your country. It's a rather interesting experience: it leaves you with a sinking feeling of suddenly having no national identity, of having to defend yourself against the notion that you have come from outer space.

Much worse, however, than people having no idea about your country is that they very often have *wrong* ideas about it. One such idea that has been going around the world for many years now is that of a Scandinavian or Swedish or Norwegian "model" of the welfare state and of something called "Scandinavian socialism."

The idea is that particularly Sweden, but also Denmark and Norway, are very successful social experiments. They have managed to make the welfare state work with not only social security, equality, prosperity, and economic growth but also individual liberty, the rule of law, and democratic government.

To social democrats around the world, Scandinavia became living evidence that a mild form of socialism actually would work; it was hailed as proof of the feasibility of the welfare state. To many socialists, Scandinavia became a promising alternative to the rather miserable example set by totalitarian socialist countries. To some disillusioned communists, Scandinavia even became a kind of beacon of hope.

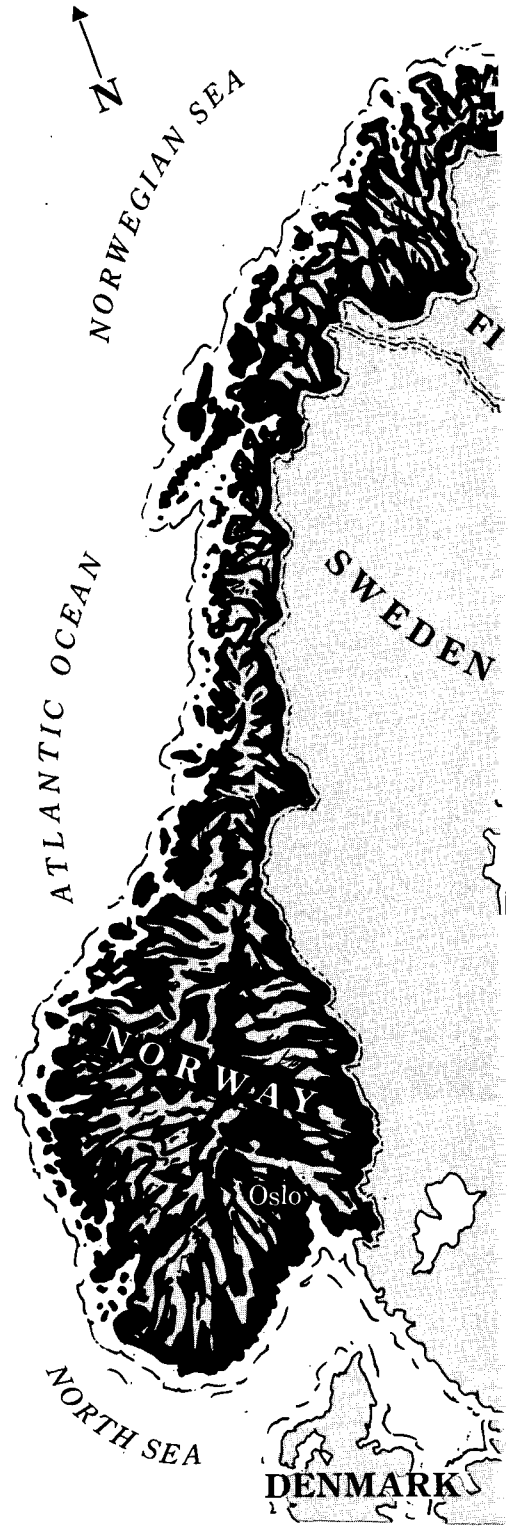
Of course, the Scandinavian model hasn't been met with enthusiasm by everybody. Nonsocialists have viewed it with skepticism if not downright hostility. Scandinavia is a dull and grey place—it must be a result of socialism; and the place isn't what it was cracked up to be anyway.

The interesting thing, though, is that the Scandinavian model has been accepted as a fact abroad, by socialists as well as nonsocialists. Scandinavia became the name of a pale pink flower in the mixed bouquet of socialist weeds and vegetables—Soviet socialism; Castroite, Yugoslav, African, Chinese, and "what not" kind of socialism.

Now, however, something has happened in Norway that, according to this Scandinavian model, shouldn't have happened. In parliamentary elections last fall, a majority of the voters simply walked away from the champions of welfare bliss and democratic socialism. The Labour government lost almost 5 percent of the vote and 11 seats in parliament. The winner was the Conservative Party, which gained nearly 7 percent of the vote and 13 seats in parliament—a strength they haven't had since 1924.

As elections traditionally go under our electoral system, the result was a massive swing. An attempt to form a coalition government of the three leading nonsocialist parties—Conservative, Agrarian, and Christian People's—didn't work, so the Conservatives are governing alone, with parliamentary support from the other two.

It was a revolution of sorts, though strangely enough an expected one, despite Norway's welfarism and steadily



Which Way NO

increasing oil riches. Month after month for the last two years the opinion polls have been unanimous in reporting the sinking fortunes of the Labour government and the rising popularity of the Conservatives. The people long ago made a clear demonstration of their wish for a change.

But what kind of change? The Conservatives were very careful not to promise—or threaten—to dismantle the welfare state. On the contrary, they sharply dissociated themselves from the little Progressive Party, which is enthusiastically free-enterprise and pointedly antisocialist and which won an astonishing 5 percent of the vote and four seats in parliament, drawing much of its vote from Labour strongholds. What the Conservatives did do was to promise a dose of "Reaganomics"—supply-side cuts in personal and corporate taxes and a reduction in the ever-increasing rate of public expenditure.

What interpretation are we to put on this? Has the Scandinavian model received a mortal blow? Has socialism lost its Scandinavian alibi?

It's a fact that the welfare state, with its promise of government benefits for an ever-larger portion of the population, is everywhere in trouble. This is one reason why Mrs. Thatcher leads the government in the United Kingdom and Mr. Reagan is president in the United States. Last year the Common Market countries held a huge conference with the theme "The Welfare State in Crisis." It was attended by government ministers, academics, trade unionists, employers, and national and international public servants, and naturally they had many wise things to say.

But none of them answered, at least to my satisfaction, the crucial question, *Why* is the welfare state in crisis? Most of the participants seemed to believe that it has something to do with the worldwide economic recession and the lack of economic growth. That answer, however, begs the question of why the democratic majorities should want less welfare services in times of nongrowth than in times of growth and prosperity. Offhand, one should think that people would want more security and welfare in bad times than in good.

Why then? I think we have to ask how the welfare state has functioned politically. What has actually been the political attraction of the welfare state to people at large, the same people who are now turning its champions out of office?

If the idea behind the welfare state had just been the construction of a minimum social security net in order to help the weak, the sick, and those otherwise struck by life's misfortunes, it would, to be sure, have had considerable humane appeal. Yet it would not necessarily have been accepted: it would have required that the great majority agree to tax themselves for the benefit of a small minority.

But that is definitely not the idea behind the welfare state. The idea is that of an all-embracing state, not merely collecting insurance premiums but equipped by the majority of voters with the power to tax the better-off for the purpose of dispensing maximum welfare to absolutely everyone.

The political attraction of such an idea for the people at large is clear and simple. It is the same attraction that Robin Hood had, when robbing the rich and giving to the poor. Put less brutally, what the voters saw in the welfare state was that it was something that would give them more in return than they put in. It promised them something for nothing.

It worked for a long time—certainly for much longer than its opponents had predicted. On economic grounds, a welfare state can't last forever, they had asserted. On the one hand, it would stimulate private demand and public consumption beyond the means of any economy; and on the other hand, it would punish production and productivity through the taxation and regulation required to implement its programs.

And yet the welfare state lasted, and people voted for it—for Robin Hood—as long as they felt that they got more out of it than they themselves were putting in. That was the political fact that no party could afford to overlook, no matter what its misgivings about the consequences of the welfare state itself. Even the great Churchill was misled into believing, as he put it, that this "national insurance was bringing the *magic* of averages to the rescue of the millions."

Were the critical economists wrong, then? I don't think so. The creation of the welfare state coincided with a most extraordinary phenomenon: the longest period of sustained economic growth in history, the one we have had since the last world war. And that enabled the welfare state to live up to its political image. People felt that, despite the increasing pressure of taxation, they still got more out of the welfare state than they put into it.

Also, at this point cause and effect became muddled. Many welfare politicians actually believed that the welfare state should be credited with the economic growth. They saw the welfare state as the *cause* of economic prosperity, while in actual fact, it is economic prosperity that is the *indispensable condition* for being able to afford welfare services. It was like Robin Hood telling the poor that, not only did they benefit from his robbing the rich, but his robberies actually produced wealth, with a net benefit for people as a whole.

As long as people derived net benefit from the welfare state, it didn't much matter whether they actually believed this. What did matter was that people clearly understood that, if the welfare state got the credit for growth and prosperity in good times, it should justly get the blame for the lack of growth and prosperity in bad times.

Even so, when economic trouble began to develop, the welfare state still seemed to work. The politicians managed to keep things going—miraculously, many thought. In fact, they did it by resorting to inflation. What they were unable to finance by economic growth and surplus,

RWAY?

REASON's Norwegian correspondent reports on disillusionment with the welfare state.

they financed by printing money and issuing credit, a program with the beautiful quality that its short-term benefits are immediately visible while its long-term social and economic costs are at first invisible. And, of course, the biggest beneficiary of inflation is government itself. Not only is its own income inflation-proof; its revenue from progressive taxation actually increases as nominal wages rise.

It took some time before people discovered what was happening, but in the end they did. And they began to ask nasty questions. Who actually benefits most from a welfare state? Undeniably, it is very profitable for the ones who run it—the politicians, the public servants, and the vast numbers of officials dispensing the welfare benefits. It was becoming quite obvious to everybody that this almost feudal superstructure of welfare employees often consumes more of the money going into government coffers than do the intended recipients. The suspicion mounted that the welfare state had become its own purpose; people began to ask whether Robin Hood was robbing them for *their* benefit or for *his own.*

So it is clear enough why people are throwing Robin out of office. It shouldn't be a cause of great surprise—you simply can't fool all the people all the time.

Now, back to Norway. What happened with the recent election was clearly a result of disillusionment with the welfare state, with having government take on a greater and greater share of fulfilling people's needs and wants. Its champions were voted out of power, just as they have been in other countries in the West—Great Britain and the United States. In this analysis the Scandinavian welfare model has suffered a fate no different from others.

What about the model then—does it deserve the name "model"? *No*; not in the sense that it is something that other countries could copy. Scandinavia is Scandinavia, just as Yorkshire pudding is Yorkshire pudding and not souffle Grand Marnier. Scandinavia has characteristics of its own.

The interesting question to ask is therefore not why the welfare state succeeded in Scandinavia, because it did not. The question is, What made it go well for so long?

Well, in the first place these are small, homogeneous countries, with an extensive consensus on both secular and religious values. Thus they are more easily governed than larger and more heterogeneous countries. Many of the problems besetting all modern countries are less pressing in Scandinavia—for instance, those resulting from urbanization: the entire population of Norway is less than half that of London, while in area Norway is as big as England and Scotland put together.

Second, there is, for historic reasons, a considerable degree of economic discipline. Before industrialization, 100 years ago, Norway was very poor. Agriculture provided no more than the bare means of survival; the margin was supplied by trade and export. So there developed a solid work ethic and an awareness of the necessity of saving, social qualities very valuable for a capitalist economy. On the other hand, the long history of poverty made for a need to seek security against misfortune through collective insurance, something that makes people ready to accept egalitarianism and sharing. Those are attitudes very valuable to a welfare state.

Yet this does not add up to socialism, of course. And the fact is that until 8 or 10 years ago the term *Scandinavian socialism* was totally misleading by standard definitions of *socialism.* State ownership of the means of production was less extensive in Scandinavia than it was in that miracle of free enterprise, West Germany, and the proportion of publicly owned land is still less than it is in the United States.

The reason why people talked about Scandinavian socialism is, I think, that they saw the high level of taxation and the extensive legislation allowing for regulation and control of the economy. But in practice the controls were sparingly used, and for a very good reason. The Scandinavian countries are extremely dependent on international trade, their standard of living based on export and the division of labor in international markets. No matter what the extent of centralized, bureaucratic regulation on paper, it was much less in practice. Scandinavia functioned as a fairly efficient market economy; the necessities of competing and surviving in the international marketplace disciplined the bureaucrats and even the politicians: the social democrats in Scandinavia stopped talking about nationalization of industries long before social democrats in most other countries.

Taken together, these factors are rather special. They give Scandinavia its own character, but they are quite useless as a model for other countries. The Scandinavian economies may be slightly reminiscent of Japan's, with its paternalistic capitalism; but, East being East and West being West, any further comparison in that direction would be very difficult.

Still, these features of Scandinavia were not sufficient to overcome the people's disenchantment with the welfare state. In the case of Norway, not even the totally unexpected bonanza of oil in the North Sea was enough. Of course, the champions of the welfare state couldn't claim credit for having created *this* wealth, but they did try to pump as much of it into the welfare state as possible, in order to save their own political lives. That is a tricky thing to do—almost like trying to move the furniture of Buckingham Palace into a two-room flat—and it produced a rate of inflation of 15 percent and a fall in absolute productivity. This means that, oil apart, Norway has become poorer over the last five years.

The burning question everywhere now is, Where do we go from here? What will happen to the welfare state? It can't go on as it is; it must, for a number of reasons, be drastically reformed.

Will it be expanded? Is the way of Mitterand in France, of the left wing of the Labour parties in Britain, Sweden, and Denmark, the wave of the future? Will there be more socialism and less democracy, perhaps with the totalitarian welfare state of Eastern Europe the end result?

Or will the welfare state be reined in? Is it possible for the politicians to trim the welfare state and continue the balancing act?

Or will it be dismantled altogether? Will people be willing, not to return to prewar capitalism, but to go forward to a consistent market economy and all-around free society?

I suspect that these questions, in one form or another, will be the most hotly debated ones over the next years, not only in Norway, but in all the Western countries, which to varying degrees have been trying to combine a program of extensive government involvement in the material conditions of life and considerable *laissez faire* with respect to political rights.

The economists, having licked their wounds, are back at their drawing boards, trying to find a better model for our economic policies. Their task will not be an easy one. And in any case, the far more important and troublesome question is what the politicians will do, because life for them is not as easy and lovely as the one they have had in the role of Robin Hood. ◻

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STORMY Weatherization

Billed as models for the rest of the nation, mandatory insulation programs in Oregon are models of special-interest politicking.

By Gaines Smith

1974

The nation is in crisis, "the energy crisis." An Arab oil boycott brings lines at the gas pumps; when the boycott is ended, the OPEC countries exercise their new-found power on prices. The days of 25-cents-a-gallon gasoline are over, and the prices of electricity and home heating oil soar. In the Pacific Northwest, historically home of the cheapest electricity in the nation because of hydroelectric power, a dry winter lowers water levels and cuts into generating capacity, causing brownouts and state-ordered shut offs of industrial power.

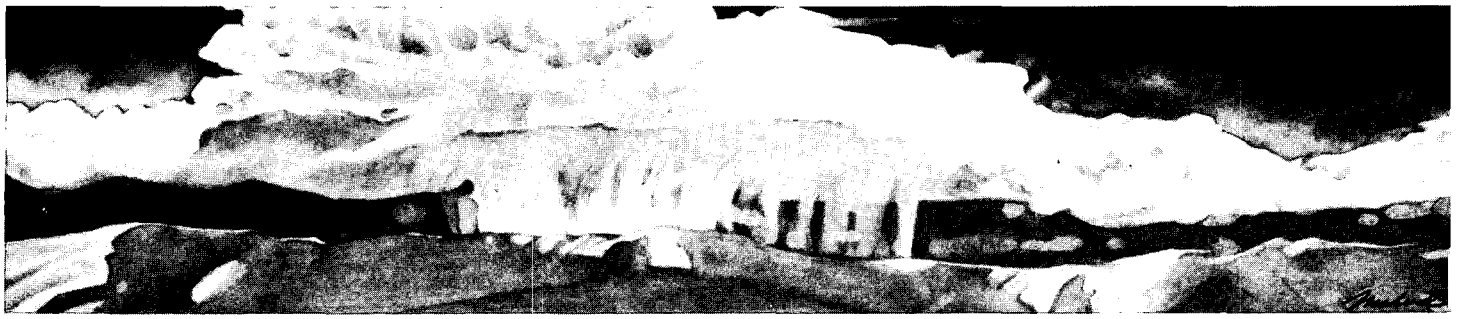
1975

The city of Portland, Oregon, initiates a two-year study of its energy situation, described by the city's energy advisor as the first local energy-planning effort.

1977

Winter brings natural gas shortages across the nation, widely interpreted as a confirmation that we are running out of energy resources. Portland unveils its 11-volume study, eight

Illustrations by Doug Medved



devoted to energy conservation measures, and sets up a citizens' commission to devise a plan.

1979

A revolution shuts down oil production in Iran. Americans, relying on imports for almost half of our needs, are again faced with waiting lines at the gas pumps. The Portland City Council adopts a Comprehensive Energy Conservation Policy that includes mandatory "weatherization" of all existing buildings—the addition of such features as insulation, weatherstripping, and storm windows. "We are pleased," says the mayor, "that Portland is again a national leader in taking an initiative in solving a pressing problem."

1981

The city council of Eugene, Oregon's next-largest city, passes a mandatory weatherization ordinance. The local paper opens its report with the announcement that Eugene has now become "a national leader in community-level conservation efforts."

* * *

Up here in Oregon, people are fiercely proud of the state's natural beauty, clean environment, "livability," and "quality of life." Oregonians also have an unusual willingness to forget that freedom and rights have a lot to do with the quality of life.

Politicians in Oregon have understood this willingness for years. A lot of Oregonians were surprised to hear about mandatory weatherization, but I wasn't. Having lived in Oregon for most of my life, I've observed a kind of "Oregon First" mentality among politicians here. They love to come up with "new" ideas to protect livability and quality of life. Most important, they want to be the first to implement their ideas, hoping that their ideas will then be implemented by the rest of the nation.

In 1971 Oregon was the first to come up with a "bottle bill" outlawing pull-top cans and nonreturnable bottles. Many Oregon politicians went on to push for a national bottle bill. Oregon politicians then came up with a seminal law to remove 3,600 roadside billboards from Oregon highways. Later the Oregon legislature passed a prohibitive land-use law. Afterward, former Gov. Tom McCall wanted a national plan. "I've gotten down on my hands and knees in support of a National Land-Use Planning Act," he said in a 1974 speech, "but even the milquetoast version that finally got out of the House Interior Committee was vanquished by its unimaginative opponents."

There is no such lack of imagination here. Mandatory weatherization may be the most "imaginative" restrictive legislation yet to come out of Oregon. The tale of how it came about in the state's two largest cities tells a lot about what happens when government sets itself up as the arbiter of livability and quality of life.

AGGRESSIVE CONSERVATION

Mandatory weatherization came to Portland as the centerpiece of a comprehensive Energy Conservation Policy calling for everything from reducing display lighting, streamlining solid waste routes, and offering incentives for car pooling to reforming land use policies toward greater density and imposing a city gas tax. Mayor Neil Goldschmidt proudly characterized the measure as "aggressive"—a term that admirers frequently use also to describe his tenure as a Portland policymaker.

By 1984, under the new law, no home could be sold, no rental unit rented to a new tenant, no commercial, industrial, or institutional building sold or remodeled, unless weatherized to city-prescribed standards. "This is, of course, the most vulnerable section of the Policy," noted Angus Duncan, the mayor's administrative assistant for policy, in a memo before the measure was passed. He advised the designers of the policy to be sure to remind people that it did not mean that all buildings had to be weatherized by 1984; action would be required only if they wanted to sell, rent, or remodel. The planners followed his advice, yet everyone, friend and foe alike, knowingly referred to the requirement as mandatory weatherization.

During the city council's August 1, 1979, debate on the policy, outgoing Mayor Neil Goldschmidt told why weatherization should be mandatory:

The most compelling argument is the simplest: fairness. The argument goes like this: You conserve by weatherizing your home, I do not; the energy I waste out of my attic and through my windows means another generating plant has to be built anyway—another oil well dug, anyway. The price of electricity and oil go up, and you save, but you end up paying for my decision to waste.

That's not fair. Everyone needs to do his or her share, so each of us benefits equally. The only way to assure this, is with mandatory conserving. . . .

On August 15, 1979, the city council passed the Portland Energy Conservation Policy. It was Neil Goldschmidt's last day as mayor. Shortly thereafter he would leave for Washington, D.C., to become Jimmy Carter's secretary of transportation.

Reactions to the policy formed into two fairly distinct camps. On one side were government leaders and the major news media, who almost uniformly praised it. On the other were many Portlanders who saw the policy as a threat not only to their pocketbooks but to their property rights.

"I built a new home in Portland in 1967," said opponent Eldon Dean to a local reporter. "It has four inches of fiberglass in the walls, eight in the ceiling. Every window is thermal-pane. The doors are weatherstripped.

"I believe in conservation. I have no selfish interest to serve. I just think the last thing we need is another large government bureaucracy on our backs, telling us what we have to do with our castle.

"Castle. That's what we used to think a man's home was, you know."

Opinions among Portlanders grew from a plurality to a large majority opposing mandatory weatherization. A poll taken when the measure was adopted found that Portlanders were against it by 43 to 41 percent, with 16 percent undecided. Several months later a poll found 66 to 28 percent opposed. In that

same poll, the result among senior citizens—an estimated 40 percent of Portland's homeowners—was 73 to 17 percent against mandatory weatherization.

None of that deterred the supporters of the policy, nor did it dampen the enthusiasm of politicians from other localities. City Energy Advisor Marion Hemphill says he received 1,200-1,400 requests for copies of the policy from localities around the nation. A letter from the city of Seattle read: "It is an exciting document and evidences a great deal of hard work. . . . I hope you will take it as a compliment if we steal some of your ideas." This is the kind of attention that delights the Oregon First mentality. A Davis, California, official, having been sent an early draft of the policy, expressed a particular interest in "hearing about any mandatory ordinances or programs which the City adopts."

Two days after the policy was passed, on August 17, 1979, President Carter issued a statement praising "Portland's broad based and far-reaching energy conservation plan." A few weeks earlier Mayor Goldschmidt had received a letter from the Department of Energy commending him and his staff for "aggressively pursuing" energy conservation. "Your proposed policy," concluded the letter, "could well serve as a model for an energy conservation plan in any municipality in America."

A "GRAND EXPERIMENT"

I began to wonder about the Portland policy. Might the city have been running some kind of interference for Jimmy Carter's much-heralded National Energy Plan? During the August 1, 1979, hearings in Portland, Goldschmidt had capped off his case for mandatory weatherization with the warning: "There is the more compelling argument that Federal mandatory conservation requirements may not be too far off." How did Goldschmidt know that? I could never get a direct answer to that question; he has repeatedly refused an interview.

So I asked the key formulators of the policy—Energy Advisor Hemphill and Energy Policy Steering Committee Chairman Vern Rifer—whether Portland's measure was a federally inspired "trial balloon." They were quick to deny it and to assure me that the policy was home-grown. Both Hemphill and Rifer insisted that it was a response to severe energy shortages in Portland and throughout the Northwest. But there is evidence to suggest otherwise.

At least the financial impetus for the policy came from Washington, D.C. In 1975 Portland received $200,000 from the Department of Housing and Urban Development (HUD) to analyze the use of energy in the city and identify potential conservation measures.

"That is how we got into it," Hemphill told me. "It was *our* problem that we wanted solved. And the federal government merely assisted us monetarily." Yet in testimony before a Senate committee in October 1979, Hemphill characterized the HUD award as "a contract to develop the first local-level energy conservation planning methodology in the nation."

The result was the 11-volume study that provided the take-off point for Portland's eventual policy. In its Executive Summary of the study, Portland's Bureau of Planning noted the intended national impact: "The City of Portland can build upon this energy conservation plan to develop a model for the rest of the Northwest and, ultimately, for the rest of the nation."

The federal government proceeded to help in that effort. A case study of the Portland policy's development, prepared under the auspices of Harvard University's Kennedy School of Government, reports that in December 1979 HUD "invited Portland to apply for an Urban Development Action Grant (UDAG). Assistant Secretary Bob Embry was interested in funding the city's 'grand experiment.' " The next month, "a preliminary award of $3 million was made," although HUD and the city negotiated for months over the actual use of the funds.

The city's plans for the money called for subsidizing weatherization loans to building owners, marketing the policy to residents, and funding a nonprofit corporation established under the policy to implement it in the private sector. It was difficult to fit these plans into the scope of HUD's UDAG grants, normally awarded for construction projects, but eventually the city and HUD came to an agreement. HUD also provided funding for the Harvard report on Portland's policy. And the city received money from the Department of Energy and the Northwest Federal Regional Council to help its efforts to promote the plan among citizens.

Meanwhile, other parts of the federal government had been doing their share in the area of weatherization. Congress was busy devising tax incentives and government- or utility-subsidized loans for home conservation actions. It was also coming up with plans that bore suspicious similarities to the Portland Energy Conservation Policy.

In 1977 the House Subcommittee on Energy and Power put forward a bill requiring a federally sponsored energy audit at the time a building is put up for sale. If the building did not meet conservation standards—to be developed by HUD—mortgage financing by federally chartered or insured financial institutions would be prohibited.

In 1979, just as mandatory weatherization was coming into its own in Portland, Howard Metzenbaum (D-Ohio) in the Senate and Toby Moffett (D-Conn.) in the House introduced bills to prohibit federally insured financial institutions from financing the purchase of a residential building unless provided with an energy use audit prescribed by the Department of Energy (DOE). Metzenbaum also introduced a bill to block the sale of any residential building whose heating system had not been brought up to DOE efficiency standards.

Probably, these efforts are the "federal mandatory conservation" Goldschmidt was referring to in his testimony in August 1979. Thus we can see the important precedent Portland was setting. Whether by design or accident, it was fully in keeping with Oregon's tradition of being a "test pilot" for the rest of the nation.

If Portland's policymakers were proud of the content of their plan, they were equally proud of the way it came about.

Concluding his testimony before a congressional committee, Marion Hemphill said: "I would like to say again here that the Portland experience is important to the Nation....we have forged a new path, a new process, that government can use to satisfy our national energy problem." It was a process, he noted, "that welded a public/private partnership, a process that involved over 18 months and 3,000 hours of donated time of Portland residents."

With the HUD-funded study of the city's energy use in hand in 1977, Mayor Goldschmidt and the city council agreed to set up a 15-member Energy Policy Steering Committee to formulate a plan. After several meetings in early 1978, another 50 people were added to the committee, divided into six task forces.

The chairman of the committee was Vern Rifer, a Portland construction engineer and past president of the Oregon Environmental Council. Rifer told me that he, Goldschmidt, and a member of Goldschmidt's staff selected the committee members, many of them drawn from Portland's business community. Task force work was completed in August 1978, and nine months later the steering committee produced a Proposed Energy Policy that, according to Energy Advisor Hemphill, was reviewed by a total of 2,500 people in 40 public meetings.

But James Kuffner, an aide to Portland's new mayor, claims the outcome of the committee's formulations was preenvisioned. "That was Neil's [Goldschmidt's] committee," he charges. "They can claim it was balanced, but basically, overall, it was preordained how it was going to turn out."

On the most controversial feature of the entire policy, mandatory weatherization, the evidence bears him out. Most Portlanders apparently don't know it, but the Residential Task Force (the body assigned to look into residential conservation) *never recommended mandatory weatherization* either to the steering committee or to the city council.

Looking over its report to the Energy Policy Steering Committee, I found that the task force recommended various educational and incentive programs but urged that "no mandatory programs should be initiated before the success of the other approaches has been measured." The point was repeated several times in the report and emphasized again in conclusion: "The Task Force decided against mandatory retrofit measures."

To double-check, I phoned Mark Teppola, chair of the Residential Task Force. "Did your task force ever recommend mandatory weatherization?" I asked. "Well, I hate to say this," he replied, "because I support the overall plan, but I would have to say we never did."

I asked both Steering Committee Chair Rifer and Energy Advisor Hemphill if the Residential Task Force had recommended mandatory weatherization (by this time I knew that it hadn't). Rifer insisted that it had. Hemphill said he couldn't remember.

Portland realtor Jack Medak is a former member of a group advising Portland's Energy Commission, which was established as part of the Energy Conservation Policy. Now he is a bitter critic of the policy. He tells why: "The flavor I got was that logic and reason weren't going to convince them; they had already decided what they were going to do. We came out with our recommendations, they were presented to the Energy Commission, and it was discussed for maybe 15 seconds. We had put in hundreds of hours of, quote, citizen input that were absolutely, totally meaningless."

Despite supporters' frequent reference to "broad citizen involvement" in Portland's policy, it seems that its prime movers didn't much intend to pay attention to citizens' recommendations. For sure this is true of mandatory weatherization. It is apparent that many city government people simply felt that mandates are the only way to achieve weatherization in Portland. One city staff member revealed the prevailing mentality when he spoke to the author of Harvard's case study of Portland's energy policy, drawing an analogy with the city's actions after the volcanic eruption of nearby Mt. Saint Helens: "On Monday, the city asked all parking lot owners to wash down their lots. About 5% complied. On Wednesday, the City Council passed an ordinance saying it had to be done by next Monday or they would levy $500 fines. Next Monday the lots were clean. What happened?...the threat scared them....Mandatory weatherization will work the same way."

INSULATION IRONIES

The record of citizen involvement is also marred by the fact that at least some of the people who formulated the Portland policy could not fail to profit from it financially in the future. Looking over the list of people who imposed mandatory weatherization on Portland citizens, one finds such professional affiliations as financial institutions, hardware stores, construction companies, and a carpenters' union. As Rifer says, in selecting committee members they tried to "target people who had some knowledge of the subject and could contribute to the evolution of the problem [*sic*]."

But this natural and reasonable approach, as has been discovered of all levels of government regulation, is plagued with the potential for conflict of interest. When I checked out some of the businesses and organizations who sent representatives to formulate the energy policy, I found that many of them were either directly or indirectly involved or had past involvement in the weatherization business. Some financed the work, others analyzed the economic value of the work, others sold products for the work, and some even performed the work. Thus mandatory weatherization would force many Portland citizens (many of them poor and elderly) to help fill the coffers of some of Portland's thriving business interests.

And how much money would Portland citizens have to come up with in order to pay for weatherization? The law passed by the city council specifies "a 10-year simple payback criterion"; owners would have to take whatever energy-saving measures would pay for themselves (including interest costs on any loan) in 10 years in lower energy bills.

The law does not mention how much weatherization is likely to cost homeowners. One news report attributed to

city officials a figure of $1,400 per household, but former Energy Commission advisor Jack Medak says that $3,000 is the figure he heard most often while working with the commission. Phone calls to Portland firms involved in weatherization work produced estimates ranging from $2,000 to $5,000.

The HUD-funded study in Portland found that 72 percent of the city's 157,000 housing units are single-family homes and 67 percent "were built before 1950 and are likely to be energy inefficient." By these figures, a conservative estimate of the number of homes requiring weatherization is 75,740. At a low average cost of $2,000, this means that Portland's single-family homeowners alone could pay a total of at least $151 million. And this does not include expenditures required also of the owners of rental, commercial, industrial, and institutional buildings.

Of course, all this conservation is intended to save people money, but the irony is that it may not save money at all. As a citizen pointed out to the city council during hearings on the policy, the way utility rates are determined by regulators means that too much conservation may cause utilities to raise their rates. I asked John Lobdell, of the Oregon State Utility Commission, about this. If a utility had no new customers and existing customers reduced consumption, he admitted, the per unit retail cost "would have to go up." But he insisted that such a rate increase is "a highly theoretical result."

Such a possibility, however, has been real enough to figure into federal energy conservation schemes. A Residential Energy Efficiency Plan proposed by Sen. Bill Bradley (D-N.J.) in 1979 included provision for a tax credit for utilities "if the conservation program causes a revenue loss to the utility company because of reduced residential demand that cannot be offset either by saving on fuel...or by finding new...customers."

For many Portlanders, though, the number-one objection to mandatory weatherization was its threat to individual freedom. Even Mayor Goldschmidt recognized that it is a threat. At a press conference unveiling the plan in May 1979 he stated, according to a newspaper account, that it "would be a significant erosion of private property rights." Marion Hemphill confirmed to me that Goldschmidt said this.

For Frank Ivancie, who cast the lone city council vote against the energy policy, this issue was decisive. He explained in a public statement that he believed most Portland residents would be weatherizing voluntarily (again, Goldschmidt agreed). But, he countered, mandatory weatherization "is a dangerous intervention into our citizens' lives....If the government can dictate how and when we may sell our homes, it can say, for example, 'Unless you ride a bus twenty-five percent of the time, you can't own a car.' Such a policy continues to move us toward 'statism' and that, I am not prepared to accept. Freedom is a precious heritage that can be easily lost."

For some people, though, having Portland be the first in the nation to adopt an "aggressive, comprehensive" energy conservation plan was more important than individuals' rights. "Freedom," quipped Goldschmidt in defense of the policy during a hearing, "is a concept we have defined and redefined as a nation over the 200 plus years we have been here."

POINTING AT THE MOON

Within a year and a half, mandatory weatherization had moved 100 miles south to Oregon's second-largest city. On February 9, 1981, the Eugene City Council passed an ordinance requiring city-specified modifications of all single-family homes and of apartment buildings of up to four units. Weatherization becomes part of the city's housing code on January 1, 1985, with inspection for compliance occurring whenever an individual requests a hook-up of electrical service after a change of residence. Inspections are to be done by the city's utility, the Eugene Water and Electric Board (EWEB).

Once again, the Oregon First mentality was much in evidence. The local newspaper announced that Eugene had become "a national leader in community-level conservation efforts." In public testimony in favor of the ordinance, a former city council member exulted that other communities would now look to Eugene as "a model and for leadership."

In that same hearing, the city's technology coordinator gave a rationale similar to Portland's for making weatherization mandatory. "Those who do not weatherize are hurting the rest of the community," he said. "And there are some who believe that the community has a right to insure that the community's resources are not wasted."

Having by this time been involved for some months in investigating Portland's mandatory weatherization law, I wondered whether the people who designed and passed Eugene's ordinance may have had liaisons with the people in Portland. And, indeed, various people who worked on the ordinance confirmed this. But, I was to find that the origin of the Eugene mandatory plan is much more remote than Portland, Oregon. In fact, it can be traced all the way back to London, England.

London is where the late British economist Ernst Schumacher founded the Intermediate Technology Development Group in 1966. "Intermediate technology," better known as "appropriate technology," is hard to define—Ernst Schumacher says it is. In an article in the *Atlantic Monthly* in April 1979, he wrote: "The Buddhists have a nice expression: they say that Buddhism is the finger pointing at the moon. The moon is the thing, Buddhism simply directs your attention to it. So a phrase such as 'appropriate technology'...is simply a finger pointing at the moon. And the moon can't be fully described, though it can be pointed out in terms of specific situations." The rest of Schumacher's article is similarly imprecise.

The April-May 1977 newsletter of the Center for Community Economic Development attempts a more precise rendition of appropriate technology. It explains that in underdeveloped countries "too capital intensive and too sophisticated" technology has been "ill-suited to local conditions and resources." To solve this problem, Schumacher's ITDG organization "began to develop technologies

and techniques that were less expensive, could utilize local labor and materials, and could produce smaller quantities at the same unit cost."

The appropriate technology concept, notes the CCED newsletter, is not limited to technology but "also encompasses processes that stress self-help, community-building, and democracy in the workplace." The article goes on to recommend suitable types of community development, democratic enterprises, suggesting that "energy conservation is a logical beginning." Workers "can easily be trained to perform energy house audits" and "could do the installation of conservation measures."

The success of Schumacher's ITDG, says the newsletter, "has inspired the creation of appropriate technology centers and institutes throughout the

THE HAZARDS OF SEALED HOMES

Insulate those ceilings! Seal those cracks! Tighten up that house! That, a lot of politicians have been telling us, is the way to save energy. What they *don't* tell us is that it may also be the way to contract lung cancer, skin problems, asthma, and other respiratory diseases.

These problems result from the build-up of dangerous concentrations of substances, especially radon gas and formaldehyde, in the air of a sealed house. In a typical home—what Amory Lovins calls an "energy sieve"—the leakage of air in and out results in a complete air exchange about once an hour. But in a tightly sealed "energy-efficient" house, it may take up to 10 hours to exchange the air. That allows concentrations of the substances up to 10 times higher than normal to accumulate.

The potentially most dangerous substance is radon, which is present in soil and rocks. Radon seeps into houses from the soil around pipes, through drains, through floor-wall joints, and through cracks, as well as entering directly from the water and gas lines and from granite building materials. If the house has been built underground or partly earth-sheltered to save more energy, the radon seepage will be even greater. Likewise, the use of rocks as a thermal storage device adds to the radon seepage.

A number of studies have measured the radon levels in energy-efficient houses, both in the United States and in Sweden (where the problem was first noted). Some of these concentrations are the same order of magnitude as the maximum occupational exposure allowed uranium miners in the United States. (Standards for occupational exposure are always less stringent than those for members of the general public.)

How harmful are such concentrations? No one really knows, because this is another case of low-level radiation (see "Is Any Radiation Too Much Radiation?" REASON, July 1980) for which epidemiological data are not available. But the same people who enthusiastically support weatherization are often those who do assume that low-level radiation is a serious danger.

Radon and its decay products are alpha-emitters, which are biologically more hazardous than gamma- or beta-emitters. And radon *has* been implicated in lung cancer in uranium miners. Based on such cases and making certain assumptions about low-dosage exposure, the Environmental Protection Agency estimates that a lifetime exposure to radon decay products at the .01 WL (working level) rate will cause a one percent increase in lifetime cancer risk. Some energy-efficient houses have radon concentrations high enough to result in 10 times that exposure—equivalent to the exposure to soldiers and Utah residents from nuclear weapons testing fallout. Sweden has already adopted .01 WL as a standard for household exposure, and the American Society of Heating, Refrigeration, and Air Conditioning recommends that the same be done here.

The formaldehyde threat, while not life-threatening, is equally real. The substance outgasses from furniture, plywood, particle board, permanent-press clothing, and other common household items, and especially from urea formaldehyde foam insulation. About 600,000 homes have been insulated with this substance in the last few years, but in January the Consumer Product Safety Commission proposed banning it. A study published in the *Journal of the American Medical Association* links the insulation to skin diseases, respiratory problems, and asthma. As with radon, the problem in formaldehyde build-up is inadequate ventilation caused by tightening up the house.

The only feasible solution—other than not sealing the house in the first place—is to add a ventilation system heat-exchanger to the house, to restore air-exchange to preinsulation levels and use the outgoing air to warm the incoming air. Participants in a 1979 National Bureau of Standards roundtable discussion on the radon problem concluded that it is not yet known whether the added investment and operating costs (energy!) make such systems more cost effective than simply leaving the house "leaky" to begin with.

—**R. P.**

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world." And it is thus that our story moves from London to Butte, Montana. There, in 1976, the National Center for Appropriate Technology was founded on a $3-million grant from the federal government to promote appropriate technology in low-income communities in the United States. And prior to the advent of mandatory weatherization in Eugene, the center · gave $146,000 to . . . the Whiteaker Community Council (WCC) of Eugene, "a representative body for one of Eugene, Oregon's central neighborhoods."

I used to live in the Whiteaker neighborhood. It was a nice place to live, even though it was not an upper-class neighborhood. My rent was pretty good, for a decent apartment located on a butte overlooking a beautiful view of a park by the Willamette River.

WCC literature, though, describes my old neighborhood as a "low-income, center-city area" populated by "disadvantaged families." Maybe some of the folks fit that description, but since Eugene is a university town, many of my neighbors were either students or other members of the "voluntary poor"—artists, craftspeople, '60s burnouts, people who tended to mind their own business. No one would have thought of me and my neighbors as underdeveloped third-worlders—except the intellectual Brahmins who decided to bring us "appropriate technology" through mandatory weatherization.

OFFICIAL PEOPLE

In 1976, city officials decided to dramatically expand the role of city government in Eugene by offering neighborhood organizations like the Whiteaker Community Council quasi-governmental status. The object of Resolution No. 2554 was to move such groups "beyond just the simple role of commenting" on city proposals. Now, they would be able to take "an active role . . . in the local government's decision-making processes." This involvement could include the development of "neighborhood plans and proposals with respect to land-use, zoning, parks, open space and recreation, annexation, housing, community facilities, transportation and traffic, public safety, sanitation, and other activities."

All of this sounds like civic-minded, grassroots government, but the resolution also provided tremendous political opportunities to Eugene city officials. To gain the necessary recognition, a neighborhood meeting must be held to produce a "neighborhood governing document." Upon approval of the document by the city council, "the neighborhood organization is then recognized as the official voice of that neighborhood area." Thus the Eugene City Council now had the opportunity to give "official voice" to those people who are willing to form a cheering section for its policies. By definition, everyone else became unofficial.

On April 18, 1979, the city council, by approving an amended charter submitted by the Whiteaker Community Council, recognized it as the official voice of me and all my neighbors. Prior to the city's approval of the new charter, relations had been going predictably well between the city and the WCC. In fact, in December 1978 a city department even provided legal advice to WCC president Jim McCoy. McCoy wanted a position with WCC's new economic development arm, which was, via the city, coming in to some community development block grant funds from the federal Department of Housing and Urban Development (HUD). Eugene's Community Development Supervisor Paula Oss wrote: "HUD considers it a clear conflict of interest for the Whiteaker Community Council to hire its own president. . . . In order to defuse the situation, the [City] Attorney suggests that:

1. You resign as WCC president, effective immediately. . . .
2. The WCC must accept your resignation. . . .
3. The Council very carefully follow its personnel policies in the posting, interviewing and hiring for [the position]. . . ."

Jim McCoy went on to become executive director of the WCC Neighborhood Economic Development Corporation (NEDCO), chartered as a nonprofit corporation in July 1979.

NEDCO's articles of incorporation state that its primary purpose is "to raise the economic, educational, and social levels of underprivileged residents of the Whiteaker Community in Eugene, Oregon." Assuring its compliance with laws governing nonprofit organizations, the articles also stipulate that "no substantial part of the activities of the Corporation shall be the carrying on of propaganda or otherwise attempting to influence legislation." But NEDCO's people were soon to be intimately involved in bringing mandatory weatherization to Eugene.

"APPROPRIATE" ORDINANCE

In mid-summer 1979 the Whiteaker Community Council received its $146,000 grant from the National Center for Appropriate Technology (NCAT). The object was to fund feasibility plans for "appropriate local production . . . of food, energy, and other basic necessities." Over a third of the grant went to NEDCO for its Recycling Project and Energy Project. (NEDCO as such was engaged in setting up limited-equity cooperative housing.)

The Energy Project was, according to a WCC brochure, to be working toward setting up Energy Services Company. "This neighborhood-based enterprise will insulate and weatherize existing buildings and install solar retrofits." Soon after the NCAT award, codirectors of the project were announced: Don Corson and Sam Sadler. "Don is a member of Oregon Appropriate Technology [OAT]," said a WCC news sheet, and "Sam has been Director of Lane County OAT. Both have been involved in the initial grant planning."

Meanwhile, the city of Eugene was going about its own planning. An Energy Conservation and Policy Board had been set up to recommend to the city council ways "to increase energy efficiency." Within a month of its first meetings in early 1980, mandatory weatherization had become the main, if not the sole, item on the board's agenda.

Having turned up evidence of WCC/NEDCO's great interest in the passage of a mandatory weatherization ordinance, I

asked NEDCO director Jim McCoy how they had been so successful on that front. His candid answer: "We were fortunate enough to have an advocate in the city manager's office, Greg Page. He took our issue and sort of made it his own."

One of my sources called Greg Page the "champion" of the mandatory weatherization ordinance in Eugene. In my interview with him, Page called himself the "staff person on this particular ordinance to the Energy Conservation Policy Board." He said he began working on the ordinance in September 1979 and worked on it over a period of three or four months. During that time, *mandatory*, not voluntary, weatherization was in the forefront of the city's work—not surprising, given Page's close work with NEDCO employees Corson and Sadler.

"I did a lot of the background work on developing the proposals for the ordinance," said Sam Sadler when I interviewed him. "My main focus was on the weatherization ordinance development, and Don's was on the Whiteaker Energy outlook. He worked a lot on the weatherization ordinance, too. He worked on it particularly after the beginning of the Whiteaker [Energy] Project [July 1979] and got the city council and they started working on it."

When the city "suddenly decided that energy was a top priority to them and they established an Energy Conservation Policy Board," he continued, "it was sort of fortuitous that we had been doing all of the background work." Sadler said later that he and Corson had conferred with the Portland people and with "people all over the country" and "quickly decided that the only way to get weatherization was through a mandatory program."

Thus it was quite accurate for *Rain* magazine to identify Corson and Sadler, authors of an article on rental weatherization, as coordinators of the WCC Energy Project, which "is working to have a mandatory weatherization ordinance adopted by the City of Eugene." The fact that they were quite open about their involvement with the ordinance indicates that Corson and Sadler probably did not know that, as NEDCO employees, they were apparently working in substantial violation of its articles of incorporation.

WEATHERIZATION WORK

By Greg Page's account, however, Sadler and Corson had very little to do with formulating and pushing through the ordinance. When I asked him how much involvement there had been with Whiteaker and NEDCO, his quick answer was, "None." The only thing he went on to mention was that "the Whiteaker Energy Group was able to—the Neighborhood held a meeting in October or August of 1979 in the City Council chambers and held a panel of speakers." (This was a public forum on weatherization, Sadler told me, that "we staged . . . to get the discussion going on it.")

Here is what Greg Page should have told me:

1. He should have told me that Corson and Sadler were invited to make presentations at one of the first meetings of the Energy Policy Conservation Board, on January 23, 1980.

2. He should have told me about a memo he received from Don Corson dated February 18, 1980, which I subsequently acquired. That memo from Corson thanks Page for the opportunity to comment on his staff briefing paper, "Weatherization of Existing Residences," prepared for the board. The memo then goes on to correct Page's grammar and offer substantive suggestions:

Why not require implementation of conservation measures (virtually) right away? Enforcement could start at any arbitrary future date. . . .

Could problems (non-energy-related code enforcement) arise if housing inspectors are used to enforce the program? Seattle, I believe, is proposing the use of "weatherization" inspectors, who are not "qualified" to identify non-energy code violations. This device could avoid extraneous opposition to the proposal.

Might it be easier and less irksome to the public to inspect for compliance at some "natural" turnover point (such as change in occupancy), as opposed to intruding into lives arbitrarily?

The tone of the memo—"if we permit . . ." "we may be unintentionally providing . . ." and so on—makes it clear that, as Jim McCoy had told me, Page had taken what was NEDCO's issue and "made it his own."

3. Page also should have told me that Sam Sadler, too, helped in the preparation of his staff report to the board on mandatory weatherization—at least if we can take as evidence Page's thanking him for such help at a March 5 meeting of the board.

4. He should have told me that Corson attended and testified at the March 5 meeting and that Sadler attended and testified at the April 9 meeting and again at the May 14 meeting (along with an architect from Oregon Appropriate Technology), all meetings at which the board was hammering out the mandatory weatherization law. At the March meeting, according to the board's minutes, "Mr. Corson stated that he was very impressed by the proposal. He felt that the requirements could be regarded as additions to the Housing Code."

By this time the two were, according to Sadler, no longer "technically" employed by NEDCO. The NCAT-funded project ran until the end of February 1980, at which time the relationship between NEDCO and Sadler and Corson became "more informal."

On February 1, Whiteaker Energy, Inc.—the weatherization business à la appropriate technology that the Energy Project had been assigned to develop—filed its articles of incorporation with the state of Oregon. WEI was certified on February 7.

A Whiteaker Community newsletter at this time referred to WEI as NEDCO's "own energy services company." NEDCO owned one-third of the company's stock (another third was sold to investors and the rest set aside for the workers to earn). And NEDCO, Jim McCoy told me, "sent representatives" to sit on WEI's board. Bill Snyder, who became general manager, and Sam Sadler told me that Don Corson was one of those representatives for at least a month, serving as

chair of the board.

Thus was Corson, at the time he was helping Page with his mandatory weatherization proposal, not only working for NEDCO at the same time as he was working for the passage of legislation. He was also working, at NEDCO's direction, for a profit-making firm that stood to gain a great deal from the legislation.

The law that the city of Eugene passed in February 1981 did not require, as Corson had suggested, the implementation of weatherization "right away." It did, however, settle on the utility rather than the city's housing inspectors enforcing the program, on inspection for compliance at the " 'natural' turnover point" of a change in occupancy, and on making the requirements part of the city's housing code.

Thus NEDCO was fabulously successful in its efforts to get a mandatory weatherization ordinance passed. That is what tends to happen when your parent organization is an "official voice" of the people.

"MODEL ENTERPRISE"

NEDCO's business venture didn't fare as well. As passage of the weatherization ordinance became imminent, WEI's business projections brightened. In December 1980, two WEI representatives testified in favor of the ordinance at a city council hearing (so did Corson and a member of the Whiteaker Community Council's board). That same month, the WCC newsletter projected $200,000 in sales for WEI over the next two years. By February 1981, when the ordinance passed, the newsletter had upped the figure to $1 million just for 1981.

Shortly thereafter, however, Whiteaker Energy went out of business. Sam Sadler says its demise was sometime in June. The June issue of the WCC newsletter didn't admit that the firm was out of business but did say that the company was "deeply in debt."

When I called Cecil Strange, a NEDCO board member, to ask about WEI's problems, he at first didn't want to talk about it. But then he said, "The corporation went out of business and left a lot of unpaid debts and there may be lawsuits arising." He went on to say that "now there are scores of houses in this neighborhood that have material liens on their houses even though they paid the company for all the work that was done. The company never paid for the materials. . . . They lost tens of thousands of dollars of shareholders' money; they left tens of thousands of debt, tens of thousands of dollars of IRS debt, and they left liens on people's houses, people who paid the whole bill."

When I asked Strange why this happened, he said the business was "totally mismanaged." When I asked McCoy for his assessment, he also blamed "poor management."

But Bill Snyder, the man whom NEDCO hired as general manager, did not appreciate this role as a scapegoat. Throughout my interview with him, he kept stressing that it was the NEDCO people who had ultimate control of WEI: "They controlled it from the beginning. They sat on their one-third; they controlled the board; they didn't do anything to bring in the private investors on the board."

When WEI went out of business, Snyder says, "The board didn't officially dissolve the business, didn't shut off the phones, didn't notify the creditors, didn't notify clients. Everybody kind of went home and nobody went back to work."

Thus ended my old neighborhood's experiments in "democracy in the workplace" and "appropriate technology." Only a few months earlier, the WCC people had written in their newsletter that the National Center for Appropriate Technology "speaks of [WEI] as 'the model energy conservation enterprise in the United States.' " But somehow, "pointing at the moon" just hadn't helped my old neighborhood.

* * *

In November 1980, by petition of 20,000 citizens, Portland's voters went to the polls to decide whether mandatory weatherization could be imposed by the city council. By 80,000 to 65,000, they passed a city charter amendment prohibiting mandatory weatherization unless approved by a later vote of the people. In August 1981 a determined Portland Energy Office spokesman told me: "The passage of this widely misunderstood measure simply means another step in the implementation process." The city's strategy, he says, is "to get as many people as possible to weatherize voluntarily" (via the generous federally funded loan program) and then to "convinc[e] those who have weatherized that it is in their interest to force the rest of the people to weatherize."

In Eugene the demise of Whiteaker Energy, Inc., was the subject of a brief and superficial spot on the local radio news. NEDCO people placed the blame on WEI manager Bill Snyder, and that, says Snyder, was because they had not yet finalized "a half-million dollar loan" from the federal Consumer Co-op Bank, soon to be dismantled by President Reagan, for NEDCO's housing projects. "All that property that they told you they bought is leveraged to the hilt and they have got these big balloon payments coming up. That money is coming from the Feds. . . . They didn't want that to be threatened by NEDCO's ineptness with this other venture." The city's Housing Project Coordinator confirms that NEDCO was in for "I believe. . . $350,000" of Co-op Bank funds. "I understand they got some of the last money," she says.

In November 1981 Harper's *magazine published an article by respected journalist William Tucker publicizing the end of the energy crisis, thanks to Reagan's decision to end oil price controls. Oil and natural gas shortages in the '70s, Tucker showed, "were nothing but the result of price controls" maintained by politicians with one aim—"keeping cheap gas flowing to the consumers. Washington was filled with liberal congressmen singing the joys of conservation and wringing their hands about foreign dependence. Yet not one of them was ever willing to accept the simple formula that would have ended the whole dilemma—paying a market price for our own oil."* ◧

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VIEWPOINT

Interest Rate Compassion

BY TOM BETHELL

If you were watching the CBS Evening News one night in November then you might have seen Dan Rather introduce a segment on the economy by saying that sometimes the "human realities" get lost in all the economic aggregates, hiding from view the people who are "hurt" by government economic policies. Cut, then, to Mr. Manny Dembs, a homebuilder from Farmington Hills, Michigan, who was testifying before a Senate Democratic Task Force on Interest Rates, chaired by Sen. Donald Riegle of Michigan. Dembs launched into a lengthy diatribe that was very good theater—the reason, no doubt, it was transmitted by CBS-TV—but very bad economics.

Manny Dembs's argument was that high interest rates have hurt homebuilders, including himself, and high interest rates are caused by the Federal Reserve System. Ergo, Paul Volcker and his monetarist minions (Milton Friedman was singled out) are the enemy of the economy in general and of Mr. Dembs's homebuilding business in particular.

The first part of Dembs's argument is correct. High interest rates are not good for business in general. But it is not true that the Federal Reserve "sets" interest rates. Can we not get this into our heads? Interest rates are market phenomena, the price at which the supply and demand for credit are equalized. It is true, of course, that the Fed sets the discount rate, at which member banks may borrow reserves from the Fed, but this rate does not lead the train of interest; it follows in the rear, like the caboose.

Clearly what Mr. Dembs wanted the Fed to do was to expand the money supply. This is within the power of the Open Market Committee of the Fed, which can determine the degree to which the federal debt is "monetized" by buying back government bonds from holders (banks) on the open market. Since these bonds are bought back with electronic money created out of thin air, and since this electronic money becomes bank reserves with the potential to be multiplied later on as a result of bank lending, such debt-dissolving behavior is inflationary in its essence.

In short, it rather looks as though what Mr. Manny Dembs of Michigan wanted the Fed to do was to inflate the money supply so that interest rates would go down so that his homebuilding business would pick up. But why should the value of my savings, and everybody else's savings, be eroded so that some business owners may be bailed out?

That is one question—essentially a moral one. But there is another and more practical issue, which is still far from understood. Does expanding the money supply really drive down interest rates? The emerging monetary aggregates are now closely watched by participants in the money markets. An expansion of the money supply may indeed increase the available pool of credit, but lenders have also become more sophisticated and realize that such an expansion of the pool means that the real value of money will decline in the future. Lenders therefore take action to protect themselves against such a decline in value by demanding a higher interest rate. The "inflation premium" in interest rates will increase.

If this is true—and it seems to be more and more true every day (such changes in market behavior do not happen overnight)—then the Fed not only does not control interest rates, but any attempt it might make to force them down by monetizing the debt will be counterproductive. And if *this* is so, then we can all heave a sigh of relief, because it means the days of irresponsible Fed behavior must surely be over. Only if the Fed refuses to monetize the debt will interest rates come down.

Of course, we will all be delighted if interest rates do come down. That, at least, all parties may agree on. What, then, can the government do to bring them down? There is one solution, and I'm only sorry that Mr. Dembs didn't seem to realize that the principal culprits were sitting there right in front of him: members of Congress.

The best way of reducing interest rates would be for Congress to stop taxing away that portion of interest which in no sense is income—let alone "unearned income," as it has hitherto been known—but which merely protects the saver from inflation. Such a change in the tax laws could, I estimate, immediately lop three or four points off the interest rate.

At the moment it is just about impossible for a saver who is in any kind of a tax bracket at all (and most people who are in a position to save are in the 50 percent bracket) to protect his savings from the dual ravages of inflation and Uncle Sam. It has taken lenders some time to realize this point. And when they did, interest rates stayed up rather than come down, as they were supposed to do this summer (when commodity prices were dropping). Lenders were no longer being taken for a ride. They were demanding a real, after-tax return.

The CBS News segment conveyed to us the message that real people are getting hurt by an uncaring government. In fact, real people are being hurt by a *compassionate* government. It is not people like Mr. Dembs who are being hurt by monetarists like Paul Volcker; rather it is people like you and me (and Mr. Dembs) who are being hurt by senators like Donald Riegle: intensely caring, compassionate senators, who care so much that they are willing to tax away savers' inflation-protection, to justify doing so by calling it unearned income, and then to hand out this money—and $50 or $100 billion or so more than is collected, so great is their compassion—to other people who then find that they do not have to work for a living as a result.

It is indeed time for CBS News to point the finger of accusation, but it is softness, not hardness, in high places that is to blame.

Tom Bethell holds the DeWitt Wallace Chair in Communications at the American Enterprise Institute. He is a Washington editor of Harper's *and the* American Spectator.

Bruises, Vegetables, Life Extension

BY DURK PEARSON AND SANDY SHAW

What does a black-and-blue bruise on your leg have to do with the greenness of a package of frozen Brussels sprouts? And what do either of these have to do with life extension? Plenty!

When you open up that package of frozen vegetables, such as Brussels sprouts, you are immediately struck by the almost unnaturally green color. But that color is not painted on. It is real. The reason the sprouts have not turned a drab brownish-green color, as they do naturally, is that they have been bathed in an EDTA solution before packaging. EDTA is a commonly used food additive, a chelating agent that removes heavy metals (such as copper and iron) from the surface of green vegetables.

Chelate comes from the Greek word for "claw"; chelating agents chemically capture and bind many metal ions. Copper and iron in the leaves catalyze (stimulate) the production of free radicals during the oxidation of many of the plant's constituents as it ages after harvesting. These free radicals are what normally make green vegetable matter wilt (by damaging the cell walls) and turn brown after death. In fact, the lovely colors leaves turn in the fall come about partly as a result of free radical reactions. First, the chlorophyll in the leaves is destroyed by free radicals. The leaves are then beautifully colored by the carotenoids (such as yellow beta carotene in carrots) they contain. Finally, the carotenoids themselves are destroyed by free radicals, and the leaves turn brown.

Free radicals are highly chemically reactive entities with an unpaired electron, which are created in the bodies of animals and plants while they are alive and even after they die. Because these free radicals are required for many necessary biochemical reactions, both plant and animal organisms have developed an array of protective enzymes (including superoxide dismutase, glutathione peroxidase, and catalase) and antioxidant nutrients (including vitamins A, B-1, B-5, B-6, C, E, the amino acid cysteine, and the minerals zinc and selenium) to protect themselves against free radical damage. When these radicals get out of control, they can do serious damage to cellular fats, proteins, DNA, and RNA, causing cell death or even cancer. Free radicals are a major mechanism of damage that causes our own aging.

But back to the Brussels sprouts for a moment. What is the relation of the browning of the sprouts to your bruise? The copper and iron that catalyze free radical production in the sprouts do the same in crushing injuries that cause blood (which contains lots of iron and copper) to leak into the tissues from broken capillaries. Those black, blue, and yellow colors in a bruise are created by the uncontrolled chemical attack of free radicals on substances in the tissue. Chelating agents—which bind, inactivate, and remove these heavy metals from an injury—can greatly reduce the damage and speed healing.

Spinal cord injuries, far more serious than mere bruises, have been successfully treated with D-penicillamine, a powerful chelating agent. It is possible to dramatically reduce the degree of paraplegia that would ordinarily result from an experimental spinal cord injury in cats by prompt injection of D-penicillamine. By chelating the heavy metals in the injured area, the D-penicillamine inhibits the development of a free radical chain reaction that can literally destroy the spinal cord tissue by converting the highly polyunsaturated lipids (fats and oils) there into organic peroxides, generating more free radicals in a chain reaction. Without chelation of the iron and copper leaking from the hemolyzing (breaking down) red blood cells that have escaped from broken capillaries, free radical activity in the crushed area increases by more than 100,000 times within four hours! D-penicillamine has also been used in the successful treatment of some cases of severe rheumatoid arthritis.

Caution: D-penicillamine chelation therapy should be done *only* by a physician experienced in this type of therapy. (A different compound, L-penicillamine, is a very dangerous substance and can be lethal.)

Chelation has been tried successfully for extending the life span of experimental animals. Sincock and his coworkers treated microscopic organisms (the rotifer *Mytilina brevispina*) by immersing them briefly in solutions of one of the chelating agents sodium citrate, sodium tartrate, EDTA, and EGTA. Their lives were extended by all the treatments—up to 75.9 percent with EGTA. The treated rotifers did not accumulate nearly as much calcium with age as the untreated rotifers did.

Chelating agents are now being used to treat people for a number of conditions. In heavy metals poisoning, such as lead intoxication, the combination of EDTA and vitamin C has been found particularly effective, especially in removing lead from the brain, where it does the most harm. Vitamin C alone helps prevent the buildup of heavy metals by helping to keep them in solution in the blood, where they can be eliminated via the urine.

Some good results have been obtained with EDTA chelation therapy for atherosclerosis in cases where there are abnormally high plasma lipids. Plasma lipid levels were lowered to normal or near normal in some patients who had elevated levels. Plasma levels returned to their original levels after EDTA therapy was stopped but fell again when it was reinitiated. In atherosclerosis patients with normal plasma lipid levels, there was little or no plaque reduction with EDTA.

Recently, a chelated form of copper, copper salicylate, has been found very effective in interacting with superoxide free radicals, thereby preventing much of their damaging effects to synovial fluids and joint membranes in some types of arthritis (for example, rheumatoid arthritis). The antiinflammatory effects of aspirin work in a similar way by inhibiting the synthesis of inflammatory prostaglandins that are formed via a free radical route. These copper salicylates work much like the natural antisuperoxide-free radical enzyme superoxide dismutase (SOD) and are sometimes called artificial superoxide dismutases.

(Continued on p. 50.)

We invite questions of general interest from our readers. Send your query along to REASON Health & Welfare, Box 40105, Santa Barbara, CA 93103.

(A limited number of reader questions can be answered in print; personal replies cannot be made.)

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Investment Tips for the New Year

BY STEVEN K. BECKNER

As the first year of the Reagan presidency draws to a close amid mounting dissension and controversy, markets here and, indeed, all over the world have sunk into one of the most pessimistic moods in memory. Uncertainty has given way to despair as the promise of Reaganomics has, seemingly, gone aglimmering with the onset of recession.

The stock market drifts lower, while commodities continue to languish. Real estate, precious metals, diamonds—almost everywhere you look, investments are in a slump. And, as usual, the US shock waves have reverberated abroad, afflicting even the dynamic Asian stock and property markets.

The best investment continues to be high-yielding US-dollar money market instruments: Treasury bills, commercial paper, certificates of deposit, and money market funds. But now, even that haven is threatened, as the Federal Reserve's tight money policy at last begins to bear the fruit of lowered interest rates.

But therein may lie the clue to investment strategy for 1982. First a word of explanation, for some might not agree with the foregoing assessment. Tight money leading to lower interest rates? True, up until recently the hallmark of Fed Chairman Paul Volcker's tight money policy has been high interest rates. But those interest rates were as much an expression of inflationary expectations as of Fed tightness. Not that the Fed hasn't been relatively tight. It has kept well within its targets for moderate monetary growth.

The result has been a significant diminution in inflationary expectations. While the consumer price index was actually higher in the third quarter than in the previous ones, the wholesale price indices presage lower retail prices for 1982. So interest rates are coming off, and the bond market is showing a corresponding rally.

A bond rally traditionally presages a stock market rally. Whether that happens in 1982 depends on the depth of the recession, and that in turn depends on how the economy at last reacts to the first installment of the Reagan tax cuts. (With all the announcements of the failure of Reaganomics, you'd never know that the tax cuts, such as they are, don't begin to take effect until 1982.)

Whenever there is such a loud chorus of moans and groans it is good to take stock of the situation. It is doubtful whether the recession will be as severe as most seem to think. And if it's not, it may indeed be a very good time to "take stock."

The market is replete with bargains in many sectors. Generally speaking, smaller, well-capitalized, technology-oriented companies whose shares are underpriced relative to underlying net asset value should have the greatest potential. Such companies are most likely to profit from the liberalized depreciation rules by investing in productive new plant and equipment.

Since the next year, at least, will be one of great uncertainty—due to doubts about the inflationary impact of projected budget deficits—the US stock market is not the only place to be.

For one thing, give stronger consideration to selected foreign securities. Asia-Pacific stock markets, which have suffered bigger setbacks than the US market in the past six months, should be due for a major recovery later in 1982. When the time comes, the markets of Hong Kong, Singapore, and Japan have a record of exciting performance.

The barrier, again, is US recession, however. Those trade-oriented economies suffer from slackened US and Western European demand for their exports. Even so, awakening Western interest in those markets make them a good place to put a fraction of your portfolio.

Falling interest rates, mixed with continued long-term inflation fears, could finally pull precious metals and other commodities out of their doldrums. After two years of digesting the January 1980 binge, gold and silver should be ready to test new ground by mid-1982.

Other commodities could follow. Lumber, for instance, should benefit from renewed housing demand as interest rates fall. Long positions in future contracts with distant delivery months for such things as copper in anticipation of the eventual recovery in industrial and consumer demand also make sense. An alternative to commodity futures are resource-based stocks, including those of Australia. There can be little further downside price risk in this area.

A final area of interest is foreign currencies. As stated in this space last year, the US dollar is overvalued. That judgment has already proven correct with respect to the Swiss franc, which appreciated some 20 percent in a three-month period through early November. The dollar, at this writing, is still overvalued relative to the German mark, Japanese yen, and others, in view of our deteriorating balance of payments. Time deposits of securities denominated in these currencies are a good hedge against the US dollar and good speculations as well.

Steven Beckner is a free-lance financial writer, the assistant editor of World Money Analyst, *and the author of* The Hard Money Book.

Do you have an investment question? Mr. Beckner may have the answer. Send your query along to REASON Money, Box 40105, Santa Barbara, CA 93103.

(A limited number of reader questions can be answered in print; personal replies cannot be made.)

QUOTABLE QUOTES

. . . the exercise of any right requires the use of property. Without real property, there is no place to stand, sit, lie, walk, ride or do anything. . . .

. . . without the container we can make no soup, without a place to stand there can be no speech, without a canvas (or other receptacle) there can be no painting, without the paper the words cannot be assembled, and without the ground the man has no place to walk.

—Clarence B. Carson, *The Freeman*

Pig power in America was infuriating—but pig power in the Communist framework was awesome and unaccountable. No protection by outbursts in the press and electronic media—the Reds owned it. No shelter under the benevolent protection of a historic constitution—the Marxists held the book and they tore out the pages that sheltered you.

—Eldridge Cleaver, *Soul on Fire*

NY Price Fighter KOs Big Fix

BY PATRICK COX

Just a glass of wine, that's all. A little Moselle with friends, some Cabernet Sauvignon with a steak, a glass of Moscato with dessert—it's the small things that make the difference. And government manages to have a hand in so many of the small things that the most stalwart soul can sometimes lose sight of all that's good about life on the planet. The 21st Amendment did *not* establish a free market in spirits, and bureaucrats seem to have taken particular pleasure in the regulation of alcohol. Nothing is sacred.

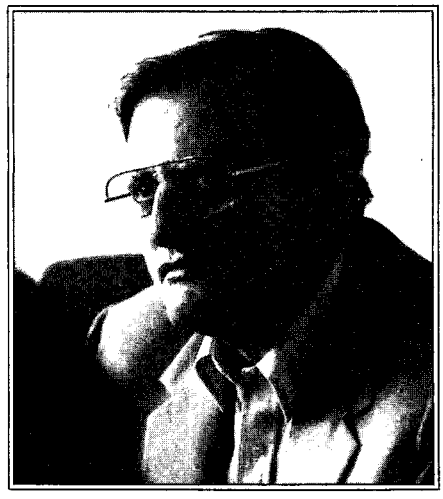
But there are satisfying moments, little victories that go a long way toward allaying the multitude of injustices perpetrated by prohibitionists of every sort. Because of the resistance of one man for over a decade, the State of New York was forced to let wine retailers sell the fruit of the vine for substantially less than previously mandated prices. In the tradition of Henry David Thoreau, Bill Mezzetti used civil disobedience to challenge the state's wine-pricing law. The final legal ruling was according to the Sherman Antitrust Law; New York was busted for price fixing in a victory as sweet as Tokaji Aszu.

Bill Mezzetti is the owner of Domenick's Choice Wines and Liquors in Astoria, Queens. The store opened for business in 1941, a mom-and-pop operation named after Bill's father. Later in that decade, New York passed a law about retail wine prices: they had to be set ("posted") by manufacturers—and stuck to by every retailer in the state.

Bill took over the family business in 1953. He could have gotten around the bizarre price fixing (posted prices represented markups ranging from 20 percent to 400 percent) like many others, selling below the legal price to regular customers and friends. But that is not Mezzetti's way. "I can live with blue laws," he says, "but when it comes to prices, this is where I get wrinkled."

Mezzetti decided to take on the State Liquor Authority (SLA). He broke the law. With a degree in marketing from Manhattan College, he did what he knew makes sense: he cut prices and went for a high-volume business.

The SLA fingered him the first time in 1967. After competitors complained to the SLA, a modern-day Eliot Ness skulked into his store in plain clothes and bought a case of wine at discount. Mezzetti was fined $1,000. Another undercover agent collared Mezzetti in 1971 for giving him a deal on a couple gallons of Almaden. He paid another $1,000 but did not reform. When he was caught a third time, the SLA levied another $1,000 and ordered a devastating 30-day shut-down of his business. The charge this time: Mezzetti had undercharged 12 cents on a bottle of Gallo Burgundy.



BILL MEZZETTI

Mezzetti appealed to the state supreme court and lost. He went to the state court of appeals and lost. He was also losing money, to lawyers. Mezzetti explains that he had to hire liquor lawyers, specialists in "a highly sophisticated and specialized portion of the law."

On the very day that he was supposed to close his doors, March 30, 1980, help came via California. Like the California wines that bedevil the Eastern wineries, a legal ruling came out of the West to shatter the New York monopolists' schemes. California wine retailers had won a US Supreme Court ruling overturning wine price fixing in that state. Armed with the fresh precedent, Mezzetti's lawyers won in the court of appeals, overthrowing the state's wine-pricing controls. It was a fine day for Bill Mezzetti and free enterprise.

Mezzetti does not "talk" politics. He says he is neither a conservative nor a liberal. His motives for taking on the state come straight from the heart. He told REASON, "Frankly, I'm a very independent person. I came from grass roots and wasn't afraid of the State. I felt that they were wrong. . . . The State is you and I, and if you and I don't stand up and be counted, nothing ever happens. The unfortunate part of it is, it costs money." He admits that "there were many times I was ready to give in, but I just turned around and continued on. Sometimes you have to put the blinders on and just go forward. You're dealing against an authority, but because the authority says the law is right doesn't mean that it necessarily is. And I felt free enterprise was the answer."

Mezzetti was virtually alone in his struggle. The large business interests that have profited from the increase in volume did not support him while he took the heat and the risks, and competitors who liked the system just fine were often downright hostile. As he sees it, though, the exhilaration of writing "an honest receipt" for the first time makes up for a lot. And he likes charging less for wine. "Wine is a staple," he says, "not just an alcoholic beverage."

Liquor prices are still controlled in New York, but someone else is fighting that fight. "At this point," he reflects, "I'm not taking on any more . . . windmills." He's more interested in fishing, woodworking, and his children. His oldest son is in the family business; the younger, in college. His daughter was a communications major in college when Mezzetti was in the middle of his legal struggle. "She bit her teeth on my legal papers," he says proudly, "and changed from communications to prelaw." Today, she is an attorney.

Meanwhile, New Yorkers are paying millions of dollars less per year for more wine. Many New Yorkers retain European and Mediterranean culinary traditions, drinking wine regularly at meals, and more and more Americans are developing the practice. The next time you're sharing a bottle with friends and you run out of toasts, take heart, smile, remember Domenick Mezzetti's son, raise your glasses, and cheer for the small things that are good about life.

Patrick Cox is a free-lance writer.

arts & letters

MOVIES

Raggedy Man
Chariots of Fire
Cutter's Way

Reviewed by John Hospers

• The best films of the current season have been those dealing with some unambitious theme, some small segment of life, which, through compassionate and imaginative handling, is made to reverberate with larger implications than those specifically treated in the film itself. The latest example is **RAGGEDY MAN.** The background is World War II—which though it is never seen is never forgotten—from employees "frozen" in their jobs to the clothing and mores and music ("Rum and Coca Cola") of the period. It's a small, dull Texas town, and Sissy Spacek plays a divorced wife with two small children eking out a living as the lone operator of the town's telephone switchboard. Local rednecks try to prey upon her loneliness, but she repulses their advances; then by accident comes a sailor (Eric Roberts) on a three-day leave, whose life briefly joins hers and makes her come alive again. Other plot elements are interwoven as well, with several startling developments when one least expects them—such as the one (which will not be revealed here) giving significance to the title of the film.

What makes this film eminently worth seeing is a happy mix of elements: finely drawn characterizations, a clear and engrossing story line, and an unerring sense of the time and place, as exhibited in small, telling details, which the usual run of film makers would not have thought to include and which evoke in the viewer a strong upbeat feeling even after leaving the theater. Through it all we learn not only what it was like to be a civilian in the boondocks in 1944, but what it is like anywhere, anytime to be a single parent with children, to be lonely, to be fearful, and to be in love.

• In his exhortation to "Young Men of a New Age" (preface to *Milton*), William Blake wrote, in one stanza, "Bring me my chariot of fire." Much later Blake's poem was set to music, and the song has become famous in Britain; so the significance of the title, never mentioned in the film, would not be lost on Englishmen but on almost everyone else.

Sissy Spacek in Raggedy Man

English or not, however, almost anyone can expect a very enjoyable experience from seeing **CHARIOTS OF FIRE.** Yet an outline of the subject would hardly inspire most people to see it: a historical record of the Paris Olympic Games of 1924, with two British track champions, Harry Abrahams and Eric Liddell, as the chief protagonists. Abrahams, the son of Lithuanian Jewish parents, but English to the core, races in order to succeed in the face of a residual anti-Semitism present in English society; Liddell, the son of a Scottish missionary to China, races in order to serve God. (In real life, he returned to China as a missionary shortly after the races and was killed by the Chinese communists in 1949.) The background of each of them is developed in revealing touches, and we get to know them both well before their paths cross halfway through the film.

In some works of art the parts are greater than the whole, the parts not meshing together or being subordinated to the whole design; in this one, however, the whole is greater than the parts. Each part, by itself modest and unambitious, contributes unfailingly to the whole effect and with never a hitch: "everything works." The atmosphere of post-World War I is recreated in deft touches, such as the sight of battle-scarred faces and a lingering contempt for those who did not serve. The script is excellent throughout, incisive without being arty or self-conscious: Abrahams's retort to the Cambridge headmasters when they accuse him of lacking team spirit is one of the picture's many literary gems. The characterizations too are faultless: there is Ben Cross as Abrahams—troubled, sensitive, articulate, determined, courageous; Ian Charleston as Liddell—devoutly religious, but never hypocritical or ostentatious, serene in his faith and the confidence it gives him, entering a race as a thank-offering to God; and Ian Holm as Abrahams's trainer—in what other film could the simple act of pushing his hand through a straw hat in celebration of victory draw applause from an audience? At last Britain has again produced a film that lingers in the memory, and is worthy of a wide international audience.

• Completed some months ago under the title of the book, *Cutter and Bone,* the film found no ready release and has now appeared in various art theaters under the title **CUTTER'S WAY.** Touted as the most-imaginative and best-directed film of the year, it nevertheless requires considerable staying power to enjoy it throughout. From afar off, as it were, one can appreciate some brilliance of dialogue and an occasional stab at the jugular in characterization. But the characters—well enough acted by Jeff Bridges, Lisa Eichhorn, and John Heard—still emerge primarily as sociological case histories.

There is a murder-mystery plot that is so tenuous that for whole stretches of the film nothing whatever develops in it and it almost becomes forgotten. The main plot has to do with interactions of the characters, who are not all that easy to empathize with: if one is imbued with the work-ethic, one quickly concludes that they are all consumers rather than producers and are always feeling sorry for themselves because they can't consume more. Perhaps the fact that one of them is a wounded war veteran is supposed to provide a justification for their lifestyles—at any rate, many people in the audience appear to side enthusiastically with them: when the veteran plows his uninsured car into a neighbor's, demolishing it, and leaves the neighbor to pay the bill, cheers arise from the audience. But then, much of the audience appears to consist also of nonproducing consumers grasping at any suggested justification for their way of life.

John Hospers is a professor of philosophy at the University of Southern California. His book Understanding the Arts *was recently published by Prentice-Hall.*

BOOKS

Taxing Questions

How to Limit Government Spending.
By Aaron Wildavsky.
Berkeley: University of California Press. 1980. 197 pp. $8.95.

The Power to Tax.
By Geoffrey Brennan and James M. Buchanan.
Cambridge: Cambridge University Press. 1980. 231 pp. $22.50.

Reviewed by David Friedman

Both of these books are about constitutional limitations on government, and both are in favor of the idea. That's all they have in common, however.

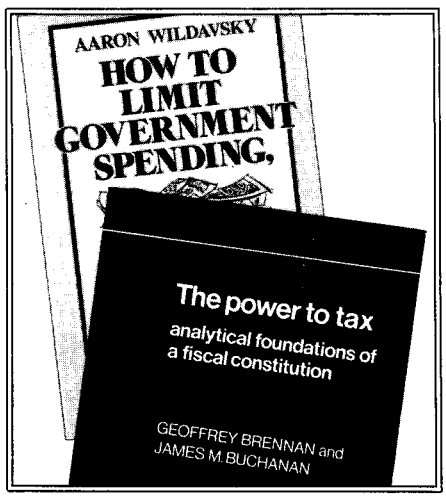
Wildavsky is, to judge by his book, passionately devoted to the middle of the road; his book is, perhaps as a result, consistently superficial. One example is his explanation of the failure of the ambitious social legislation of the '60s. The problems government undertook to solve were simply too difficult. "No matter how much money is spent, reading, health, and recidivism rates do not improve, because there is no known way of doing these things." It does not occur to him to ask whether government, being unable to teach, cure, or reform, ought perhaps to get out of the schooling, health, and rehabilitation businesses. That might force him to question the belief implicit throughout the book that the optimal level of government spending must be within 10 percent of the present level of government spending.

Another example is his attempt to explain the growth of government by political developments of the early '60s—primarily the abandonment of the goal of a balanced budget. He somehow neglects to mention that by 1960 the federal government was already spending 18½ percent of GNP, up from 2½ percent in 1890; it is currently spending about 22½ percent. Causes usually precede their effects.

How to Limit Government Spending is irritatingly superficial, rarely pursuing any argument beyond a few sentences, but it is by no means useless. Its discussion of a wide range of arguments for and against current proposals to limit government expenditure will be useful to anyone involved in that controversy; if it had treated them in much greater depth, it would have been a much longer book.

While Buchanan and Brennan make a few bows to the "tax revolt" in their preface, *The Power to Tax* has little direct connection with current political controversy; it is a product of an approach to public finance that has occupied one of the authors since long before Proposition 13 was thought of. To understand what that approach is and why it is both radical and important, one must first understand the orthodoxy it opposes.

The traditional literature in public finance seeks to determine how government can extort a given quantity of resources at the least cost to the society. Stated in this way, it may seem a harmless and even useful exercise. But buried in that approach is the assumption


AARON WILDAVSKY
HOW TO LIMIT GOVERNMENT SPENDING,
The power to tax
analytical foundations of a fiscal constitution
GEOFFREY BRENNAN and JAMES M. BUCHANAN

that the government is a rational and benevolent agency, which, having decided how much it ought to spend, requires scholarly advice on how to do as little damage as possible in the process. Government is treated as a benevolent despot—an agency that merely needs to be told how best to do good. This approach to the economics of government is unfortunately not unique to public finance.

To Buchanan and Brennan, on the other hand, government is an agency with its own objectives, and generalized benevolence is not likely to be one of the more important ones. The scientific question of interest is not "What can government, given the power, do that is good?" but rather, "Given certain powers, how will government choose to use them and what will be the consequences?" In the case of public finance this becomes the question, "How will the range of taxes the government can impose affect both the amount the government chooses to collect *and* the cost to the rest of us inflicted by the process of collection?"

In answering that question, Buchanan and Brennan adopt the working hypothesis that, while government may be limited by constitutional restrictions (such as limitations on what taxes it can collect), it is not otherwise limited by the political process. They further assume that government's own objective is to maximize its revenue. They then proceed to analyze the behavior of a government that, given the ability to impose certain sorts of taxes, will always choose those tax rates that yield the maximum revenue. The result is to reverse many of the traditional policy recommendations.

Orthodox public finance favors taxes that are simple to collect and have low "excess burden"—taxes that do as little damage as possible beyond the inevitable damage of making someone poorer by the amount of the tax. Excess burden is associated with the ability of the taxpayer to avoid the tax (at some cost); an income tax imposes excess burden because it induces taxpayers to shift time from working for income to leisure or home production—even when working for income is more productive than the alternatives. But to Buchanan and Brennan the ability of taxpayers to avoid a tax is often desirable even if the avoidance is costly: the more readily taxpayers can avoid the tax, the lower the level of tax at which the government discovers that increased rates lead to decreased revenue. Since a revenue-maximizing government will generally want to collect and spend more than the populace wants it to collect and spend (Buchanan and Brennan assume that at least some of the money goes to provide services the taxpayers want—otherwise the ideal constitution would permit no taxes at all), this is an advantage. Hence Buchanan and Brennan prefer, as a rule, just those sorts of taxes the traditional literature opposes.

Orthodox public-finance economists are, in effect, philosophers advising a prince. While they might suggest that he limit his expenditure, they would never advise him to choose taxes designed to limit the revenue he can collect: if he were willing to limit his expenditure he would not need to be forced; if not, he would not take the advice. Buchanan and Brennan are advising potential victims—citizens setting up a government, which, once established, will be out of their hands.

The Power to Tax is a good book for anyone who wishes to understand what

government is and how we may best live with it. It has, however, several serious weaknesses. One is a tendency to overuse the technical tools of economics (both authors are economists) in contexts where they add little to the argument. The book is filled with diagrams of the sort used to ornament microeconomics texts; in most cases they tell us only what the verbal argument has already demonstrated—that a particular result (the superiority of one tax to another) is likely to occur but might not. One occasionally has the impression that the authors, having produced a long article's worth of interesting ideas, had to find something to fill up the rest of the book.

The book's most serious weakness, however, is not what is in it but what is not. If at the constitutional level we can impose binding restraints on government, why should we restrict tax collections in a clumsy and expensive way by restricting the government to certain limited taxes instead of restricting taxes and expenditure directly? The authors raise this question but do not resolve it. Until they do—until they offer some serious explanation of what sorts of restrictions can or cannot be enforced upon government—they are open to the charge of having done an ingenious job of explaining the wrong way to do the right thing.

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Sense and Nonsense About Sociobiology

Sociobiology Examined.
Edited by Ashley Montagu..
New York: Oxford University Press.
1980. 355 pp. $5.95 paper.

Reviewed by William R. Havender

The continuing public debate over sociobiology is the most boring in the world. On the one hand there is the sweeping and preposterous *braggadocio* of the claim by Harvard University's Edmond Wilson (the "father" of sociobiology) and his crowd to having reduced the social sciences to, in essence, mere satrapies of evolutionary sociobiology—a claim that, while accorded a measure of respect since it issues from an eminent scientist, is wholly unsupported by compelling fact. On the other hand there is the vast outpouring of defensive and usually biologically ignorant articles by those practitioners in the humanities whose turf seems in danger of being colonized by sociobiologists.

The whole is then overlain with a vicious attack upon sociobiologists' political motives by a small, hollering group of self-styled "Marxists" whose verbal sallies are as tough and uncivil as they are false. As a result, the debate has a curious, insubstantial air about it, as though Indonesian shadow puppets were throwing, but never landing, roundhouse blows.

So I was prepared to be bored when I was asked to review *Sociobiology Examined,* a collection of critical essays, most of which have been previously published in journals as variant as *Science, Philosophy, American Psychologist,* and the *New York Review of Books.* Mercifully, however, the "Marxists" are here represented by only two token pieces (by Steven Rose and Stephen Jay Gould). Most of the rest are honest attempts that have at least a few useful insights, and—surprise of surprises!—three are simply outstanding. Two of these, by the philosopher Mary Midgley, are exceedingly clever and marvelously intelligent commentaries that, among other good deeds, skewer Richard Dawkins's *The Selfish Gene* quite neatly.

The third, by the anthropologist Derek Freeman, is the best of the lot, because it develops with a wealth of interesting and pertinent empirical detail the most important idea competing with sociobiology for pride of place. This idea is that culture itself is the raw material of evolution-like processes having nothing whatever to do with changes in the genes. Thus, new ideas and practices could be discovered (corresponding to a new genetic mutation), and these could perhaps spread, in competition with existing practices and other novelties, through the population and to succeeding generations (thus corresponding to Darwin's "survival of the fittest").

Instances of this kind of process are all around us—the spread of fashions, new songs, language changes, modernity, even political individualism. In this way, the pattern of cultural practices that led sociobiologists to think Darwinian genetic evolution must be at work—such as Wilson's "universals" of aggression, incest taboos, sex-role differences, altruism, and religion (see his recent *On Human Nature*)—is readily explainable by the idea that such customs confer real benefits on the societies that optimally develop them and then prosper and thrive relative to the rest. A society that failed, after all, to practice predominantly nonincestuous mating would not be long for this world, nor would one that failed to develop some means of fostering moral consensus (such as, by means of religion.)

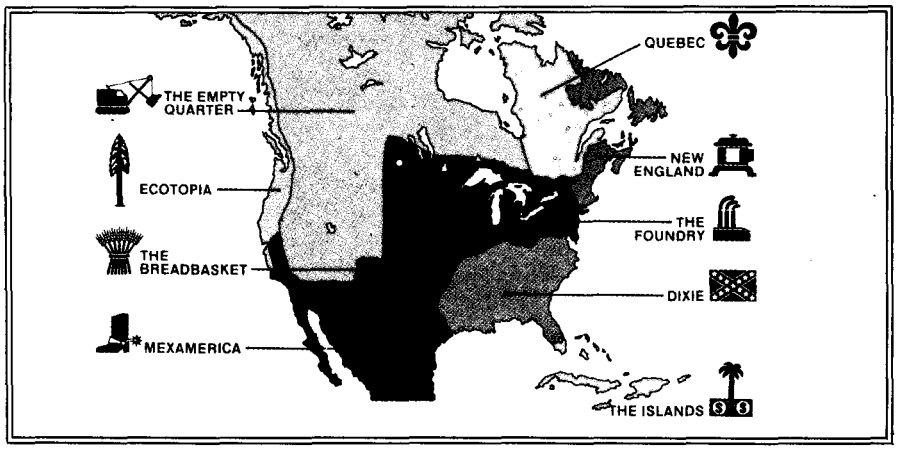
No recourse to the genes is needed at all, then, to account for such universals. It is the great virtue of Freeman's essay that he understands this fundamental concept and fleshes it out with specific examples.

Freeman also points out the basic problem with locating the source of cultural practices and values in the genes: that the pace of genetic change is much too slow to keep pace with the rapid shift of culture. Put in other words, the only aspect of the cultural environment that is likely to be constant over many generations is its fluidity; hence, the only "constant" likely to be "seen" by the genes against the background of short-term cultural shifts is the enduring need for flexibility of response. In this view, the genes would be driven to extend rather than to constrain the range of human choice. This realization then liberates this topic from the burden of predetermination and immutability of the existing status quo (with its sexism, hierarchy structure, etc.) that has encumbered the public discussion.

In short, this book supplies a partial antidote to the overall poor quality of the debate on sociobiology as it transpires in popular articles, TV specials, and *Time* covers; one can gain some useful insights here. One should also, however, read F. A. Hayek's essay, "The Three Sources of Human Values," which remains the single best commentary on this matter to date.

What specal interest might sociobiology hold for political individualists? One fascinating aspect is that the animal kingdom offers a multitude of instances of "spontaneous order," since *all* social order observed in the lower animals is obviously spontaneous and unplanned. An examination of these might prove fruitful in uncovering clues to general principles—concerning signaling, communication, homeostasis, etc.—that could prove useful in effecting the transformation of human society that *we* would like to see: the release of an ever-expanding range of social activity from the leech-like clutch of government and its delegation to the beneficent action of the spontaneous order.

William Havender is a research biochemist at the University of California, Berkeley.



A Continent Divided

The Nine Nations of North America.
By Joel Garreau.
Boston: Houghton Mifflin Company. 1981. 427 pp. $14.95.

Reviewed by David F. Nolan

Every now and then you come across a book that fundamentally changes the way you look at the world. It gives you a new map of reality that makes more sense, somehow, than the maps you were using before—and, after reading it, nothing seems quite the same, ever again. Try as you may, once you've read such a book, you can never go back to thinking about things in just the same way you thought about them before. The old maps are still there—and perhaps even still useful—but the new map has been superimposed on them and won't go away.

Howard Katz's *The Warmongers* is a book like that. So are some of Robert Anton Wilson's writings, in an odd way. And so is Joel Garreau's *The Nine Nations of North America.*

Garreau contends that you get a clearer picture of the social, political, and economic affairs on this continent if you ignore artificial national, state, and provincial boundaries and instead view things in terms of nine identifiable cultural and economic regions. Each of these regions, he maintains, has its own special characteristics that make it an identifiable entity, clearly distinguishable from the other "nations." And the cultural and economic factors that set each of the nine apart from one another are the underlying reality that shapes affairs within each "nation" and the relations among them.

The nine nations Garreau describes range from the Foundry (the industrial region surrounding the Great Lakes) to Dixie, MexAmerica (southwest United States and Mexico), and Ecotopia (a strip of land running along the West Coast from central California all the way to southern Alaska). Of the nine, only two—Dixie and Quebec—are wholly contained within a single country; perhaps the most fascinating of the nine is the Islands—a Caribbean confederacy stretching from Miami to Caracas.

A newspaperman by trade, Garreau traveled over 100,000 miles gathering material for *Nine Nations,* and he writes with a journalist's flair. By the time you finish his grand tour, each of the "nations" has come alive; "the Breadbasket" is now a place more real for me than, say, Indiana.

The book has its flaws; much of Garreau's writing is impressionistic and selectively focused to strengthen the national identities he postulates. On more than one occasion one wishes for more hard facts and less symbolism. And at times, his style treads a precarious line between profundity and cutesiness. (Example: his description of the border between the Empty Quarter and the Breadbasket as "the place where carbohydrates become more important than hydrocarbons." On one level, that's pithy and insightful; on another, it's a bit too glib.)

Nonetheless, *Nine Nations* is a book well worth reading. By the time you're through you understand, in a broad sense, the social, economic, and political dynamics of North America in a way you probably wouldn't if you thought only in terms of traditional political boundaries.

(In a section entitled "Aberrations," Garreau allows that some places—Manhattan, Hawaii, Alaska, and Washington, D.C.—are enclaves unto themselves. Writing about Alaska, he notes that "the far right is so far right that it has been known to link up with the left on some issues. . . . The only two Libertarian Party members in North America elected to state office live in Alaska.")

As Garreau himself cautions in the preface, the book is not to be taken *too* seriously. Regional identities notwithstanding, the United States and Canada, Colorado and Indiana, will continue to exist as political units. The new map does not entirely supersede the old. But *Nine Nations* is likely to be a hot topic of conversation on the cocktail party circuit these days, and deservedly so. Score some points by being the first on your block to read it.

David F. Nolan, an advertising executive, lives in the Empty Quarter.

Siberian Terrors

Kolyma: The Arctic Death Camps.
By Robert Conquest.
New York: Viking Press. 1978. 254 pp. $10.95.

Kolyma Tales.
By Varlam Shalamov.
New York: W. W. Norton. 1980. 222 pp. $9.95.

Reviewed by John Hospers

What remains to be said about the Soviet penal system after Solzhenitsyn's monumental three-volume work *The Gulag Archipelago* and Robert Conquest's definitive scholarly work *The Great Terror?* Much still remains. Both these works take us only through 1966. And Solzhenitsyn, as he himself says, has little to relate about Kolyma, since it is so remote (almost 5,000 miles east of Moscow) and he encountered so few survivors. Yet Kolyma is the most dreaded of all the camp complexes, located in the most inhospitable region on earth outside of Antarctica, the Kolyma River region of northeastern Siberia. In the Soviet Union the word *Kolyma* arouses the same terror as the word *Auschwitz* does to survivors of Hitler's regime.

Why would anyone wish to go there, even to conduct slave labor? Because it happens that one of the world's largest deposits of gold lies in that region. The Soviet government, says Conquest, "was faced with great difficulty. On the face of it, it could either give concessions to free enterprise or invest a great amount of

capital in the development of the area. But the first was ruled out for political reasons, and there was no capital available. The solution was to make use of the one reserve material the government could dispose of—human beings."

And so in the 1930s this almost unpopulated region became a center of activity. In cattle-cars to Vladivostok and thence in overcrowded vessels northward through the Sea of Okhotsk, millions of prisoners (average 500,000 per year in the 1930s and '40s) were shipped there. The death rate was about 50 percent per year, from overwork, malnutrition, cold, and disease; but the dead were constantly replaced by new supplies of slaves.

Conquest's scholarly work is based on the entire available evidence on Kolyma that has been collected, and his work updates the much earlier work *Forced Labor in Soviet Russia* by Dallin and Nicolaevsky (1947), which dealt with Kolyma in a long chapter, "The Land of the White Death." Soviet citizens from all walks of life were deported to the land of the white death: common thieves and murderers (who dominated the camps), strong Ukrainian kulaks who had resisted the collectivization of their lands, political prisoners who had been reported as saying something against the government, teenagers who had been found guilty of offenses such as slaughtering a sheep on a state farm for private use or gathering a few sheaves of grain that the thresher had left. All were thrown together into the windswept tundra at temperatures often going below –75 degrees F.

Girls and women (usually in separate camps) were no less victims: "Hundreds of young girls between 18 and 20 were sent to Kolyma for running away to their villages because they could no longer endure the starvation in the cities where they had been forced to work. Some had only gone back home for a few days to visit a sick mother, but the factory manager would not give them any days off and when they returned they would be arrested." A survivor, Eleanor Lipper, writes in her *Eleven Years in Soviet Camps* that "they came as adolescents... [and] they died with tin medallions of the Virgin on their shattered chests and with hatred in their eyes." The children of married women were placed in a children's settlement in the Kolyma under the control of women criminals: "They watch knowingly as their convict mothers are marched off in rows of five—behind them the soldier with the fixed bayonet." At the age of seven they would be sent to state orphanages and never permitted to see their mothers again.

Building roads through the mountainous terrain without proper equipment was back-breaking enough, but work in the mines meant almost certain death within months. (No one at all survived work in the lead mines on the Chukhotsk peninsula, since all prisoners died of lead poisoning.) The total number of prisoners who died in the Kolyma region alone, says Conquest, amounts thus far to about 3,500,000. And every ton of gold mined cost about a thousand human lives.

Conquest gives a detailed bibliography of eyewitness accounts by survivors. In addition to these accounts, a small fictional literature about Kolyma has arisen, based on factual stories. The main ones translated into English are Vladimir Andreyev's *Gamailis and Other Stories* (Regnery, 1963) and now Varlam Shalamov's *Kolyma Tales.* His stories are mostly about the daily life of prisoners (in conditions unimaginable to us), with constant emphasis on how one's moral code tends to evaporate when one is always hungry and cold: each person grabs what he can for himself in order to survive another day or hour. As one becomes weak from hunger, his rations are further cut (he is of no more use to the State) and he dies. "Friendship," writes Shalamov, "is not born in conditions of need or trouble. Literary fairy tales tell of 'difficult' conditions which are an essential element in forming friendships, but such conditions are simply not difficult enough. If tragedy and need brought people together and gave birth to their friendship, then the need was not extreme and the tragedy not great."

His writing is terse and spare, like that of a detached spectator, but the details are devastating. Particularly agonizing is one story of an attempted escape, an impossible task because of the hundreds of miles of ice and snow in every direction and the impossibility of obtaining food. Nothing in this book, however, reaches the dramatic heights of Andreyev's escape-attempt story *Gamailis,* which must rank as one of the greatest works of short fiction in this century. (Even if an escape attempt were successful, no one would help prisoners or take them in, for if they did, they would themselves face 15 years in the Gulag, and their children would be placed in orphanages, never to be seen by them again.)

All the world knows about Auschwitz and Buchenwald; almost no one in the West knows about Kolyma. The books about it, now quite numerous, are seldom reviewed in the press. Wondering whether there was also popular ignorance of it in Russia, when I was there, I determined to make inquiries. I knew of course that no one was free to speak, particularly of such things as labor camps, and that few people now alive had been to Kolyma itself. But I remembered Magadan (from Dallin's chapter "Magadan, the Capital of the Slave Empire"), the port that was built by slave labor in Nagayev Harbor under impossible conditions of cold, wet, and hunger before the roads to the Kolyma mines 300 miles inland could be built. So I asked as many Russians as I could, "Have you ever been to Magadan?" Usually their faces would change color and they would look away. Yes, *they knew*: the camp underground had done its work. Only one person replied, "Yes, I have been to Magadan. It is a beautiful place."

John Hospers is REASON*'s movie reviewer and the author of several books in philosophy.*

Zoned out of House and Home

Zoning: Its Costs and Relevance for the 1980s.
By Michael Goldberg and Peter Horwood. Vancouver: Fraser Institute. 1980. 133 pp. $4.95 paper.

Reviewed by Norman Karlin

Zoning, that once-unquestioned complement of the American dream, has been taking some licks of late. Even so, not even enough attention is being paid to what zoning *is*: a phenomenon in which the State is given the right to impose prior restraints on the use of land.

Ostensibly, such restraints are deemed necessary if incompatible land uses are to be separated and environmental needs protected. But whatever its rationale, zoning does restrict the use of land. Thus, genuine monopoly effects are generated and given legitimacy: less production of housing and prices influenced upward. Worse still, because the monopoly power resides in the State, relief is unlikely; and because zoning is constitutionally protected, only its abuses are subject to judicial scrutiny.

It is the zoning, however, and not simply the abuse, that produces the distorting effects. The failure to distinguish between them, and the

tendency to focus on the abuse, has kept us from discerning the basic problem created by the zoning ordinance: a shrinking supply of housing relative to a strong and growing demand.

In this country, there are no intrinsic or technical barriers that limit the construction of housing—only land use regulations. What is regrettable is that, under the law, such regulations need not be justified. Courts uphold them simply by not examining them. For many, and especially for those on the lower end of the income scale, there is an arbitrary denial of access to the housing market, and this denial is government-sponsored.

Zoning: Its Costs and Relevance for the 1980s is an excellent study that explains and analyzes land-use controls and then provides an abundance of empirical data demonstrating that it is the simple, nondramatic zoning law—the one presumed reasonable and, therefore, automatically accepted as valid—that does the real mischief. To the question, "Is zoning necessary?" the answer, based on the evidence provided, is that zoning, at the least, ought to be *presumptively invalid.* To the municipality would then go the burden of showing necessity. Only if that burden were discharged would the zoning law be upheld.

The authors make clear that in terms of cost/benefit analysis and its stated purpose, zoning has been inefficient, ineffective, and counterproductive. For those *zoned out,* it "has not worked very well."

In other respects, though, it has been both efficient and effective for those zoned *in.* This is particularly true in smaller communities that are relatively homogeneous. Through the enactment of restrictive controls, such communities have conferred on property owners significant capital gains. In addition, land-use controls encourage discrimination against the nonpreferred at virtually no cost to existing owners.

There is today an enormous amount of literature dealing with zoning and its progeny. Almost all of it presumes the necessary existence of land-use controls. Its message is, "Get rid of the abuses and make the laws fair." These authors persuasively argue that the abuses are not the problem, that "fair zoning" is, at least for those zoned out, oxymoronic.

Norman Karlin is a professor of law at Southwestern University.

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LETTERS

(Continued from p. 8.)

vanced by some analysts, it is by no means a central issue to serious investors. The best reason for investing in metals is that they have tended to maintain their real value for many decades, in the face of a collapsing dollar and declining real prices for stocks, bonds, and other fiat-denominated assets....

2. Beckner's claim that "the expertise of the most honest brokerage firms that have entered the strategic metals field in the last two years is very questionable" appears to damn the entire industry but is actually highly nebulous. Bache Metals has dealt in minor metals for retail accounts only since early 1981, as has the Sinclair Group. Did Beckner mean to include these firms in his con-

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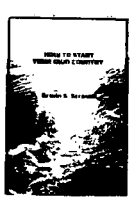

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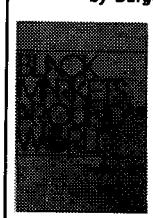

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demnation, or do they escape the two-year limit? Or consider London's Strategic Metals Corporation, technically founded at the end of 1978 but doing business with investors only since last year. Two of SMC's directors, John Dewey and Len Hillyard, have a total of more than 55 years' experience in trading industrial metals throughout the world....It's clear that many strategic metals brokers who entered the field only recently possess a degree of competence several orders of magnitude above that of your typical SEC-approved stock market tout.

3. Beckner says that the markets for industrial metals are poorly organized, "barring the few (lead, zinc, palladium, platinum) that are traded on the London Metals [*sic*] Exchange and the New York Mercantile Exchange." Hasn't anyone told him that more than 1.8 million copper contracts changed hands last year on New York's Comex? The London Metal Exchange also offers spot and forward markets in aluminum, copper, etc.

I have many other problems with the column, but they are basically differences of opinion or interpretation. For instance, it's true that mounting investor interest is "trying to force minor metals into the parameters of other investments" and "trying to impose outside laws on an industry that traditionally hasn't had them," but isn't this how all markets have evolved? As for the complaint that metals pay no interest and involve storage costs, what can one say? Those who protected themselves with gold and silver during the past decade heard that refrain constantly, but how many of them would want to trade places today with those who kept their funds in "safe" interest-bearing assets?...

R.S. Taylor-Radford
Managing Editor,
The Metals Investor
El Cerrito, CA

Mr. Beckner replies: I have no desire to go into a point-by-point rebuttal of Mr. Radford's letter. Having reviewed my column, which was based on extensive research and interviews with leading specialists in London, Washington, and elsewhere, I find that I have no concessions to make. I stand by both its factual accuracy and its opinions. A fair reading of the column reveals that, while it is not a ringing endorsement of strategic metals, neither is it a thorough-going denunciation. I merely endeavor to counterbalance some of the unqualified hosannahs to everything from cadmium to linoleum in a market that is, I repeat, disorganized, immature, and littered with frauds and overnight experts—along with a few good guys. There. Is that better?

HEALTH & WELFARE

(Continued from p. 41.)

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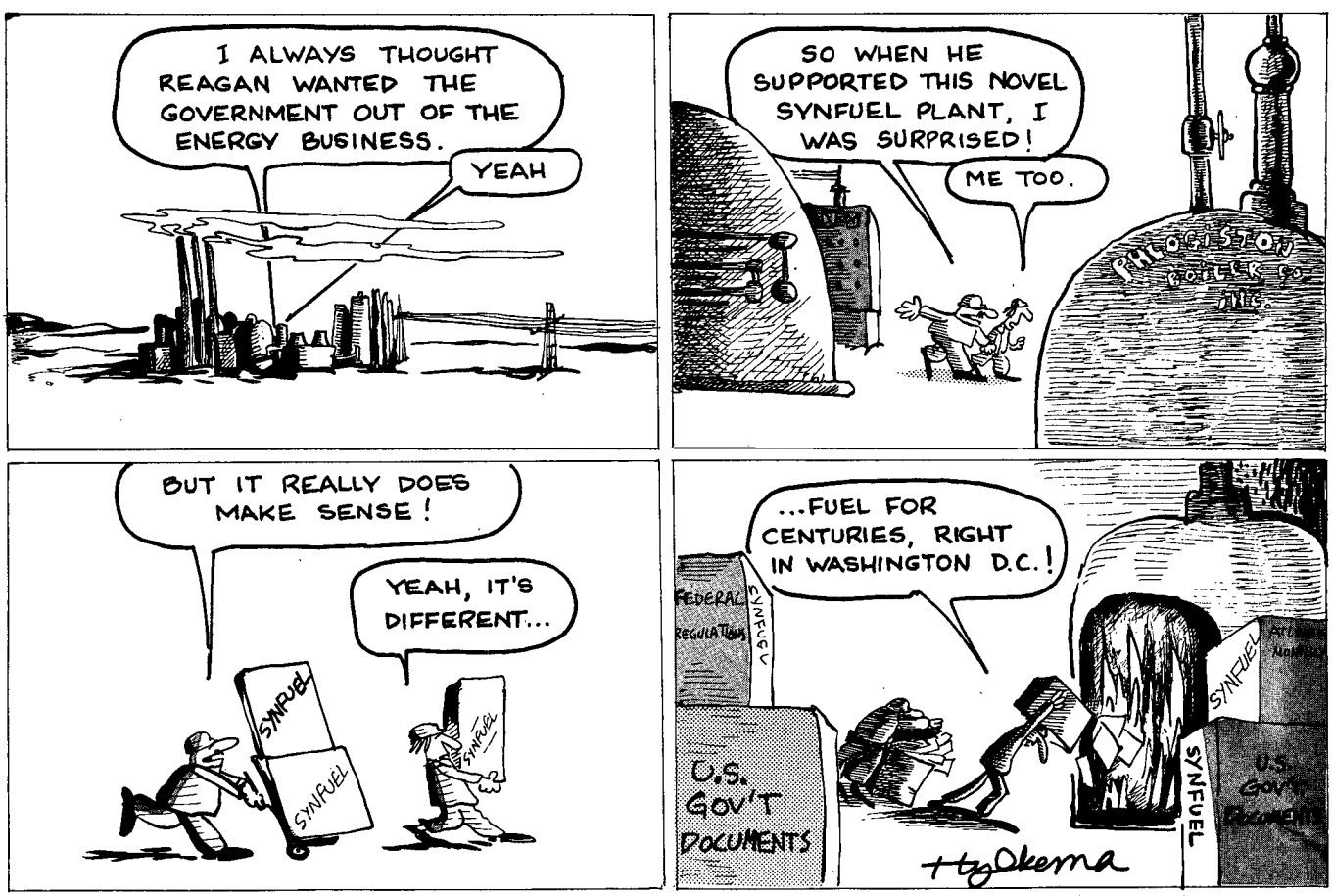
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350-milligram sodium salicylate tablets without a prescription. Any health food and many drug stores have chelated copper nutritional supplements. These usually contain 2.5 milligrams of copper bound by a relatively weak chelator such as glycine or gluconic acid. Many arthritis sufferers have obtained relief by taking one tablet of each four times a day; the copper salicylate chelate promptly forms in your stomach.

Our bodies contain a number of natural chelating agents—several special metal-binding proteins, citric acid, gluconic acid, and the amino acid glycine, for example—to help control the quantities and availabilities of trace heavy metals in our blood required for certain metabolic reactions. Sometimes these natural control systems break down, resulting in illness. For example, some schizophrenics have excessive levels of copper in their blood. They can sometimes be treated by chelation. However, since all trace metals are removed by chelation, it is necessary to add some of these back. Only an experienced physician should administer treatments using powerful unselective chelating agents such as EDTA and D-penicillamine. Copper salicylate and nutrient chelating agents such as citric and gluconic acids, on the other hand, can be self administered.

A list of scientific literature on this topic is available through REASON. Send a stamped, self-addressed envelope and ask for H&W references, February.
Durk Pearson and Sandy Shaw are consulting scientists, authors, and TV personalities.

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